

AR02

THE ROYAL BANK OF CANADA  
Annual Report 1975









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## Highlights of the Year

| For the year ended October 31st | 1975           | 1974           | Increase |
|---------------------------------|----------------|----------------|----------|
| Balance of revenue after taxes  | \$ 153,241,526 | \$ 107,202,350 | 42.9%    |
| Per share                       | \$ 4.39        | \$ 3.22        | 36.3%    |
| Balance of profits              | \$ 86,741,526  | \$ 62,102,350  | 39.7%    |
| Per share                       | \$ 2.48        | \$ 1.87        | 32.6%    |
| Dividends                       | \$ 43,750,594  | \$ 36,590,400  | 19.6%    |
| Per share                       | \$ 1.23        | \$ 1.10        | 11.8%    |

### At October 31st

|          |                  |                  |       |
|----------|------------------|------------------|-------|
| Assets   | \$25,211,131,473 | \$21,669,879,818 | 16.3% |
| Deposits | \$22,870,875,156 | \$19,441,372,513 | 17.6% |
| Loans    | \$15,816,493,348 | \$12,713,031,139 | 24.4% |







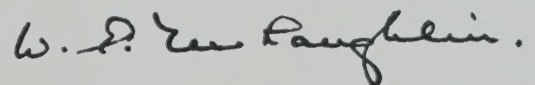
## TO OUR SHAREHOLDERS:

I believe that when the history of the last half of this century comes to be written, 1975 will emerge as a year of special significance. Not only is it the pivot of the period, it will also come to be seen as that point in time when the real meaning of the term "Future Shock" came home to us. Never, it seems to me, have challenges loomed so large, nor questions searched so long and hard for answers as they do today.

It may well be that the challenges are more daunting than once they were; or the questions more complex. Or, it may be, as I suspect, that the markers we so confidently relied upon to help us make our decisions are now themselves in question. Yet, lack of a signpost never prevented man from venturing into the unknown, and lack of certainty does not relieve us of the necessity to act. Blessed with the ability to reason, man makes use of his past — his experience — to make hard choices as best he can.

Among the most crucial questions facing us today is how to assure our future standard of living. In my view, savings and investment are the critical factors, and, accordingly, we have devoted space in this Annual Report to a discussion of the Role of Savings in Society, in the hope that it may stimulate interest, thought and discussion.

1975 was a challenge and adventure in the Bank, too, as the Executive Vice-President and Chief General Manager recounts in his report to you in the following pages. In addition, following our practice established in other years of providing comprehensive information in the simplest possible terms, we have added a new section to the Financial Statements. Here we have described and illustrated the Financial Highlights of the Year's Operations in Canada and abroad. We have also provided an expanded five-year perspective on the relative volumes of business and profit contribution on these operations as well as some descriptive material on our international lending practices.



W. EARLE McLAUGHLIN  
Chairman and President



*Future prosperity depends  
upon present work,  
present actions,  
present choices.*



In a consumer society, with a “fly-now-pay-later” popular culture glorifying today to the exclusion of tomorrow, the word *thrift* may sound quaint, and putting something aside for a rainy day may seem old-fashioned.

Yet it is unlikely that most Canadians truly believe the future will take care of itself, so that we need not care about it today. Rather, one suspects that many of us are making an easy assumption: that modern technology, especially including automation, will assure a rising standard of living, with increasing leisure for all, and the opportunity to turn our attention from material production to the non-material things described by the phrase “quality of life”. And if this *is* the common assumption, it would go far towards explaining why our people spend so much time debating how to divide the economic pie, rather than seeking means to make it larger. Perhaps we are assuming that economic growth will be automatic, that it will happen no matter what we do or do not do.

The sad fact is, of course, that no such effortless, automatic growth is possible, and that future prosperity depends upon present work, present actions, present choices.

Probably the most urgent of these choices is: How much of our current production can we afford to consume, and how much must we save in order to invest in future growth? And, particularly in an inflationary era, we must also ask: How can we encourage our people to save enough?

All societies must balance their immediate needs and desires against their longer term priorities. Years ago, Holland decided to sacrifice an extraordinary amount of immediate consumption, so that it could afford to build a system of dikes and water control. As a result, enormous tracts of productive land were reclaimed from the sea. By giving up goods and services in the short run, the Dutch helped ensure a better life for future generations.

There are more homespun examples of such

resource development in our own heritage. Many a pioneer family, homesteading in a wild country, started out by pouring all their efforts into providing for their immediate needs — food, warmth, clothing and shelter. But by gaining more skill, expending more effort — and possibly by eating a bit less — they found that they could put some food and fuel away, after providing for immediate needs. Initially, this was necessary simply to survive our winter. Later, this sur-

plus food and fuel — *savings* — allowed them to spend — *invest* — time and effort in clearing more land for cultivation. With this newly opened land, more food and fuel could be produced, and the family’s standard of living increased. This was — and, on a larger scale, *is* — the wealth creation process. It involves basic economic elements: production, consumption, saving and investing. With these elements properly balanced, the process thrusts forward naturally: the more that is produced, the more can be saved and invested, so that more can be produced.

## THE ROLE OF SAVINGS IN SOCIETY



These basic elements play their part in the economic life of every human organization. None can create wealth or a higher standard of living without savings and investment.

For nations, this remains true no matter what political ideology rules. The economic history of the USSR over the last half century, for example, is marked by the rigour with which savings were extracted from the economy by limiting private consumption levels and the production of consumer goods; the provision of austere housing, and forced labour. The savings were invested largely in heavy industry, with an eye on future productivity, and overall increases in the nation's capital wealth.

Much of any nation's economic prosperity and prospects is intimately related to the rate at which it is *adding* to its capital wealth through investment. Not all investment, however, is destined to increase future productivity. Some may be unproductive, some even unwise. And some is necessary simply to maintain the status quo. For example, each year in every city and town in Canada, a certain number of streets wear out and have to be repaved.

This is clearly investment, but this kind of investment does not add to our surface transportation resources. Only when we build *additional* streets do we undertake *new* investment, and thereby increase not only our capital wealth, but our future production of goods and services for our people.

Canada's population has been growing steadily,

and will likely continue to do so. And it seems a safe, if simple, assumption that Canadians want continued advances in their standard of living and that of their children. Moreover, our conception of the good life involves more than material things. We also want advances in the fight against pollution, adequate protection for the disadvantaged, progress towards a variety of social goals.

These facts add up to the inescapable conclusion that the country as a whole will have to produce more goods and services than it does today. Indeed, with a growing population, we will need more capacity for production even if our living standards are to remain at today's levels. The question arises once again: are we saving and investing enough to achieve these goals?

Some doubt it, and are seriously concerned. The entire industrialized world, including Canada, is entering a period which will be characterized by massive new investment projects. While estimates vary, some predict Canada's cumulative investment needs in the decades ahead as high as \$800 billion. By comparison, our Gross National Product last year was about \$150 billion, and only a small fraction of this found its way into the savings and investment cycle.

This prospect forces our attention to the composition of our national production. An industrial society like ours does not create only consumer goods for immediate use, but also produces goods intended to increase our future productive capacity. These

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products, while the lesser part of our industrial output, are clearly crucial to our economy.

Analyzing the “mix” of our economy — between goods for consumption and goods for production — reminds us of the difference between *capital goods*, consumables, and consumer durables. Cigarettes and facial tissues lie at one end of the scale. They are clearly consumables, produced in order to be consumed. Cars and washing machines — consumer durables — are “consumed” over a longer period, but fundamentally are produced for consumers to use and enjoy. Machine tools, heavy trucks, chemical plants — all these are part of the productive machinery of the nation, its capital wealth. These latter represent investment, and continuing investment flows are needed to replace them as they wear out or become obsolete, and to provide more of them so as to enable future increases in overall production.

Obviously, if all our current production were directed towards consumption goods, our society would eventually grind to a halt. Clearly, some of our production must be diverted from current consumption to future production. This clear-cut option for resource use is the basis for the questions each society must ask, and answer: “What proportion of its energies should be devoted to production to meet current consumption demand?” and “What proportion should go to the replenishing and increasing of productive capacity?”

One of the ways a society answers is in the rate at which it saves, because saving is the process by

which we put aside resources for future use instead of using them for current consumption of goods and services. Investing is the act of spending money to increase our production of capital goods rather than consumer goods.

This diversion of part of our resources to increase our capital goods can be called “real” saving. It represents a decision to direct resources so that they can be used in capital building. How a society chooses to divide its income between immediate and future

consumption depends in large measure on the incentives presented to its savers.

It is important to distinguish between savers and investors, because they may or may not be the same people. The salesclerk who saves for a holiday next summer defers spending all her money immediately. The money she puts aside has other uses that she may know nothing about — the money in her savings account, along with the money in thousands of other savings

accounts, may be put to work through a mortgage loan to build a new industrial building; a capital good. Her decision to save was a result partly of her desire to have a vacation six months from now. But her decision was also influenced by the attractiveness of the interest she would earn on the money she put aside. Obviously, if the incentive to save is low, so will be the savings rate of the society as a whole. And so, ultimately will be society’s investment capability.

In modern societies such as ours, savers and investors are sometimes one and the same individual, or

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group. An example of this would be a business management that decides to spend profits on new productive capacity rather than on, say, a larger office building than it needs, or even on higher dividends to shareholders. More often, however, savers are not investors — at least not directly. Certainly, individual householders, though very important savers, do not decide and direct the process of capital formation in the nation. The investment potential that householders voluntarily relinquish by not using all their incomes to purchase consumer goods immediately has to be transferred to investors.

Hence, we need a system by which money saving can be transferred into the hands of those who will channel these funds into capital purposes.

That system is embodied in our financial institutions. The financial community of banks, trust and life insurance companies, credit unions and caisses populaires, evolved to facilitate the flow of funds from those who have more than they immediately need, to those who don't have enough. The financial institution's basic function is to act as an *intermediary* between savers and investors. They do this whenever they collect, accept or borrow funds in their own name, and then relend the money.

The underlying purpose of this complex mechanism for transferring purchasing power is simple — to take the resources that have been removed from the stream of consumer goods and services, and employ them in the production of capital goods. The

investor in the production of capital goods may be a corporate management team which decides to build a new factory or a harbour or a grain elevator. The money investors spend to produce these capital goods is supplied by savers.

Who are these savers? They are all of us. Everyone in our society saves, to a greater or lesser extent. By far the largest proportion of saving is done by corporations. Individuals, governments and foreign sources account for the rest.

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Business savings are part of profits — that part called retained earnings. In the past, these have accounted for half the savings of the country. Recently there has been some concern in Canada about the future availability of business savings for new investment in production capacity. This concern reflects an increasingly negative public and political attitude towards profits. Such an atmosphere is not very encouraging to business, and ultimately is destructive to the

social system itself, because it reflects a basic misunderstanding of the creative role of profit, and its function as the savings of business.\*

The second most important source of saving in Canada is individuals, families, and small, unincorporated businesses. Together this group provides 25 to 30 per cent of our national investment needs.

When we look at personal saving, we can discern a clear-cut saving-spending cycle. An employee is paid wages. He spends the bulk, and saves the rest. A shareholder in a public corporation is paid divi-

\*"The Role of Profit in Society" was the subject of the theme essay in our Annual Report last year. Reprints are available.



dends. He spends part, and saves part.

These savings are deposited in a bank, trust company or credit union. Alternately, they can be used to purchase life insurance, to buy a Canada Savings Bond, or a share or bond of a corporation listed on one of the stock exchanges. No matter which savings medium is used, the financial community is the intermediary through which these savings are made available to finance such capital investments as the farmer's new milking machine, the service station's new hydraulic lift, a new housing development, or apartment block.

Governments also direct spending into investment for the future, even though we tend to be more aware of how much they spend on current consumption. But just as individuals receive income, and allocate some of it to spending and some to saving, so does the government. The government gets its money by taking a bite out of the employee's income and the shareholder's dividend. It also taxes corporations' incomes, and foreign imports. All these sources provide the government with its income. The bulk of this income is spent on current consumption. Wages and salaries for civil servants and politicians account for a great deal of current government spending. So do transfer payments, such as unemployment insurance benefits, family allowances and old age pensions. In addition, the government must settle its account with suppliers of real goods and services. The government can spend *future* income by issuing bonds, which are essentially IOUs.

But some part of its income is always put into investment spending on such capital items as buildings, roads, dams and airports.

Finally, we often use the savings of foreigners — individuals, corporations, and governments — to add to our stock of capital wealth. This happens when foreign companies build facilities in Canada, when foreign savers buy Canadian securities, and when Canadian corporations or governments borrow abroad. In the past, these savings from people living in other countries have covered a substantial fraction of our investment needs.

Because those individuals and groups which save are often different from those which invest, the savings-investment process may not always work in smooth synchronization. Savers may choose to save more money at times when investors are not looking to expand their capital assets. Alternately, business firms may want to undertake investments when savers are more

The mechanism  
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interested in spending money on consumer goods for themselves. Whether or not a sufficient amount of money is available either to be saved or to be invested is decided in the market place, and the balance between supply and demand for savings appears in the form of attractive (or not-so-attractive) interest payments, share yields, or returns on investment.

Thus the automatic regulating mechanism between the supply of money savings and the demand for investment funds is the interest rate or the return on investment. If savers choose to save more than



investors want, interest rates will fall because there will be a greater supply of savings than demand for investment funds. Lower interest rates tend to accomplish two things. First, they make it more attractive for business to invest, because it is now cheaper to borrow. Second, they make it less attractive for savers to save, because the rate of return on the saved money is lower. Thus, the balance between saving and investing tends to be equalized.

The problem with this neat theory is that it does not always work perfectly. Because savers and investors are so frequently not the same people, and because their motivations differ, periods can arise during which savings are not matched by investment, or in which investment plans race ahead of savings capabilities.

The possibility of the second situation arising some years from now is presently causing deep concern to many observers in Canada and other industrialized countries. Some analysts have added up all the likely savings from the four sources of saving for Canada and have found that the sum total falls short of the estimated investment needs of this country.

If we will need additional savings to match our investment needs, it is unclear where they will come from. Possibly, they could come from business. But increasing the business sector's savings — which come from profits via retained earnings — inescapably means increasing the profit rate. And with the present public attitudes to corporate profit, this would likely

be met by public and political opposition.

The personal sector could also provide larger sums for the savings pool. However, the incentives to save which were so compelling not so long ago, seem much less so now. Indeed, there are a number of powerful obstacles to savings.

One is inflation, and the consumer psychology which goes with it. If a person thinks the price of what he is saving up to buy is going to increase faster than his savings will grow, he is tempted to buy now, rather

than later. Putting this in other terms, if the real value of a dollar is going to shrink faster than it can grow by earning interest, it may seem smarter to spend it rather than save it. Similarly, it may seem wise to borrow, and pay back with ever cheaper dollars at a later date.

Inflation, of course, also impedes business saving. Accelerating inflation creates inventory profits, among other effects. These are "paper" profits which look high on profit and loss state-

ments, but which aren't available, in reality, for spending on new plant equipment. As prices of production machinery rise, ever greater amounts have to be set aside by corporations simply to replace worn-out or obsolete equipment, or to maintain inventories.

Another obstacle to increases in savings by consumers is the fact that interest earnings above a certain level are subject to income tax. Because of this, many people have started to mentally "adjust" interest rates offered for their savings because they may have to pay income tax on their interest earnings.

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A third factor which may limit increases in the total personal savings available is that the age patterns of our population are shifting. These changes suggest that there will be, for some time to come, an increasing proportion of our population in the high-spending, low-saving age brackets (20 to 40, say) as compared with the proportion in the higher-saving age brackets (40 to 55).

Finally, there now seems less urgency than there once was to save towards the prospect of ill health or old age. Government programs have increasingly provided a degree of built-in protection against unemployment, sickness, and inability to work.

Thus many individuals see little reason to save any more than they are already saving, whether through savings accounts, the stock market, the bond market or through any other financial medium. In the longer term, the tendency could well be for the country's personal savings rate (though not the absolute amount) to decline. If the nation wishes to increase its savings rate, it will be necessary to provide more incentives to save, or to reduce the obstacles to consumer saving.

In the government sector, the bias has more often than not been towards programs which stimulate current consumption, as contrasted to government investment. The government could, of course, raise additional investment capital by increasing taxes, but there are at least two obstacles to this. One is that this would reduce the amounts available from both

the business and personal sectors. The other is that increasing taxes is always a politically controversial step, never casually contemplated.

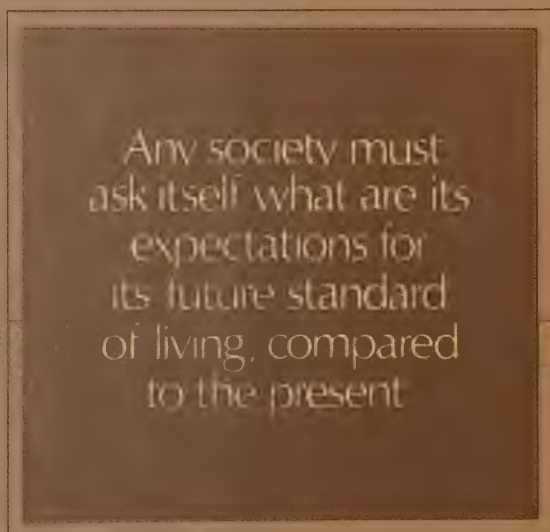
As for increasing the flow of foreign savings, the outlook is cloudy. Americans have always been our largest source of foreign capital. However, at present, the U.S., like Canada, is faced with the need to embark on a massive investment program in the next decade. Accordingly, U.S. individuals and corporations may not be as eager as they once were to invest their sav-

ings outside their own country. Foreign savings can, of course, come from countries other than the United States. However, with the rise of nationalist sentiment in this country, the political climate for foreign investment in Canada today is more hostile than it was in the 1950s.

In deciding what proportion of its income should be consumed immediately, and what proportion should be saved and invested to ensure the possibility of future consumption, any soci-

ety must ask itself what are its *expectations* for its future standard of living, compared to the present. If its present demands exceed its ability to produce enough to consume today *and* save for tomorrow, then the future will suffer; insufficient savings mean insufficient investment, which will result in insufficient productive capacity to maintain a specified level of consumption.

The choices are, of course, value judgements. Determining whether savings and investment are "adequate" depends on what one believes about the





desirability of those investment projects that get squeezed out. What is inescapable, however, is that the investments which *actually* will be made — as contrasted with those *wanted* or *needed* — cannot cost more than the total of available savings.

This should bring home to us, with some force, that saving is the critical factor in ensuring our standard of living in the future. If an economy does not continue to grow — at least apace with the population — it risks a decline in the standard of living and the quality of life of its people. The question of just how much economic growth is desirable or necessary would be a subject for another discussion. But one

thing is clear. Any society, including ours, which hopes for a better life for its citizens in the future, must commit a reasonable proportion of its economic resources for that purpose today.

In order to *achieve* that end it must provide incentives to potential savers in the form of interest, profits, share yields or returns on investment — after taxes — that are high enough to attract savings. In fact, no matter how quaint the word may sound, we have to encourage *thrift* — in individual citizens, in businesses, in governments. As John Galsworthy said, “If you do not think about the future, you cannot have one.”

*Saving is the  
critical factor in ensuring  
our standard of living  
in the future.*



## REPORT ON THE YEAR'S OPERATIONS

*by Rowland C. Frazee  
Executive Vice-President  
and Chief General Manager*



Too often, corporate progress is measured only in terms of "bottom line" performance, and while profitability must remain a continuing concern for the Royal Bank, or any other business enterprise, I believe that the Bank's considerable success in fiscal 1975 should be viewed within a context far broader than that permitted by an analysis of the financial statements alone.

The figures themselves, despite the negative forces of a sluggish economy and continuing double digit inflation, reflect continued advances in terms of both growth and profitability. They are, nevertheless, only one measure of progress.

(The Financial Highlights of the Year's Operations may be found on pages 38-41.)



## REPORT IN BRIEF

### RESPONDING TO THE MARKET PLACE

*"... Growth such as ours in the past year does not simply 'happen' in the natural course of economic affairs. It is brought about by the concerted energies of people working together within an organization and responding appropriately to market demand."*

### DEVELOPING A MANAGEMENT SYSTEM

*"... A unified process of planning and decision-making that will extend a sense of order and continuity through every level of our banking operations."*

### BRANCHES KEY TO PERSONALIZED SERVICE

*"... Being all things to all people is an exceedingly difficult task."*

### APPROPRIATE ASSET MIX CONSTANT CHALLENGE

*"... The Bank's asset mix attempts to take into account the needs of many customer groups each of which expects the Bank to allocate sufficient funds to meet loan demand."*

### INTERNATIONAL OPERATIONS CONTINUE EXPANSION

*"... International earning assets accounted for one third of the Bank's total assets and 30% of our profit; our international operations, large though they are, in no way drain domestic deposits that may be better applied in Canada."*

### GOVERNMENT DIALOGUE IMPORTANT IN PLANNING

*"... Legislation affecting revisions to the Bank Act in 1977 will be drawn up in 1976 and a healthy dialogue has been established to ensure that both government and banking understand each other's concerns."*

### MONTHLY LETTER AUTHOR RETIRES

*"... The Royal Bank Monthly Letter for the past 32 years has been the responsibility of one man. His name, by his own choice, unknown to most of his readers ... At the age of 79, Mr. John Heron has chosen to retire."*

### ROYAL BANK AWARD MARKS FIRST DECADE

*"... This year, for the first time, the Award has been presented to two people who have made a significant contribution to the country."*

#### Photo on opposite page:

*The Chief General Manager's Committee: Every Friday morning, matters requiring senior executive decision are referred to the divisional General Managers for their consideration. Seated from left are: Senior Vice-Presidents and General Managers J.C. McMillan, Corporate Banking; T.S. Dobson, Finance and Investments; the Executive Vice-President and Chief General Manager, Rowland C. Frazee; W.L. Arthur, Administration; and standing, H.E. Wyatt, Canada Division (left) and B.J. McGill, International Division.*

It is relatively easy to point to a balance of profit that improved 39 per cent to \$86.7 million, or to note that total assets have surpassed the \$25 billion level. Less obvious, however, is the fact that the figures suggest a considerable degree of public endorsement of our policies and operations. Success is not achieved by the mere opening of our doors for business five days out of every week. Growth during the past year did not simply "happen" in the natural course of economic affairs. It was brought about by the concerted energies of people working together within an organization and responding appropriately to market demand.

### RESPONDING TO THE MARKET PLACE

What the Royal Bank has achieved in concrete terms of assets and profits must be seen as the direct consequence of a less tangible accomplishment — that of having successfully anticipated and responded to the demands of an ever changing market place. For only in this way can we ensure that our various constituents — shareholders, customers, employees, and the public at large — will continue to provide us with the mandate which is as much a requisite for our corporate survival as for profitability.

It is a well-known fact that the Royal Bank is Canada's largest financial institution and that the chartered banks generally number among the biggest corporations in the country. As has already been said, growth to such stature is an inevitable consequence of our attempts to provide customers in Canada and elsewhere with a service capability that fully meets their present requirements for quality and accessibility. However, we must also recognize that because of our size we have become increasingly vulnerable to criticism from those who maintain — and rightly so — that the pursuit of *bigness for bigness' sake* is unacceptable.

In reporting to you on the Royal Bank's activities in past years, I have endeavoured to provide some insights into the philosophy of the Bank and to indicate the direction in which we are headed. Thus, in 1974, I outlined a basic corporate philosophy, a "statement of purpose" designed to assist us in the definition and pursuit of our objectives. Last year, following a critical examination of our organizational structure, I









announced certain changes designed to contribute to more effective long-range management. The organizational concept described then is now in place.

Put in perspective, our corporate objectives constitute the *foundation* from which the *framework* of organizational structure is established. In 1975, continuing this development, we focused more attention on the Bank's management system — the process through which our staff initiate concepts and implement plans. It is these people who "make it happen".

In this most important phase of our corporate evolution, we are involved essentially with processes of consolidation and integration. The ability to recognize and respond appropriately to ever changing market

demands requires a clear sense of direction. The larger the institution, the more difficult it becomes to steer a steady course. While there is no panacea for the bureaucracy that inevitably accompanies magnitude, there is always a responsibility to minimize its potentially debilitating effect on the organization.

With increasing growth, diversification, and complexity, successfully managing the Royal Bank presents a formidable challenge to a great many people. Encompassing the Bank's senior, divisional, area, district, and branch management, it involves a staff of thousands responsible for providing leadership and for coordinating the individual strengths of our 32,000 employees.

Today, the attainment of corporate objectives



involves the complex interrelationship of multiple disciplines — systems staff, marketing specialists, financial analysts, corporate banking specialists and officers familiar with commercial or consumer requirements and international banking techniques. No one group is any less important to the decision-making process than any other.

#### DEVELOPING A MANAGEMENT SYSTEM

Because this management team is large, diverse, and dispersed, it is imperative that each group understand its unique but interdependent role. Of course, individuality is an important component of management style. And it cannot be denied that the vital interplay between a business and its environment is of such a multi-faceted nature as to require a certain percentage of straight ad hoc decisions. Nevertheless, our fundamental requirement is that even the most specialized of specialists comply with three basic guidelines:

- ☐ All managers must accept accountability for results.
- ☐ All managers must perform a full management role.
- ☐ All efforts and resources in the Bank must be directed towards the achievement of corporate objectives.

These guidelines help contribute to a common approach throughout the Bank ensuring that all efforts and resources are indeed directed in a concerted manner towards the fulfillment of the Bank's long-term strategic plans. What we are now seeking to develop is a management system — a unified *process* of planning and decision-making which will extend a sense of order and continuity through every level of our banking operations.

Inextricably linked to the Royal Bank's promise of growth and development are the notions of responsiveness and direction. Our sense of direction is firmly rooted in our developing management philosophy. And our responsiveness to the very personalized demands of the banking industry is well evidenced by a diverse range of services. In reviewing the Bank's domestic and international operations in 1975, I shall indicate tangible ways in which this was achieved.

Within Canada, the process of reorganization reported to you last year has now been implemented in its various details down the line. In the field, an



*Ontario is divided into three operating districts.*

*Executive direction is provided by:*

*W.S. Snook, General Manager, Ontario, West (left);*

*M.O.P. Morrison, General Manager, Ontario, East and North;*

*R.G.P. Styles, General Manager, Metropolitan Toronto.*

#### Photos on opposite page:

*Fast, accurate communication is the essence of credit management. On the telephone with a client is Ms. B.M. Whelan, Assistant Manager, Lending Services, Peel Region, Ontario.*

*Growth of the kind seen by the bank in the last decade demands a serious commitment to the development of existing staff and the training of new recruits. Audio-visual aids are used extensively by Mrs. Eileen Baird, Assistant Manager, Training and her staff including Chris Fletcher, Training Officer in the Atlantic Provinces.*





Operations in Central Canada are under the direction of R.B. Ashforth, General Manager, Alberta (left); W.A.R. MacDonald, General Manager, Manitoba and North Western Ontario; H.G. Hurd, General Manager, Saskatchewan.

**Photo on opposite page:**

The huge volume of paper transactions handled on any working day have made bookkeeping, as we used to know it, a thing of the past. Present-day methods depend upon computer technology, complex data processing systems and highly trained specialists like W.N. Galbraith, Manager, British Columbia Central Processing Centre (left); D.G. Wigham, Manager, Computer Processing (centre); E.R. Best, Manager, Document Processing. Data Centres are located at a number of points across Canada each serving its assigned territory. This one is in Vancouver, British Columbia.

important aspect of this concept was the introduction of the position of regional manager, and each of our nine Canadian districts is now fully staffed in this function. The regional management concept is a vital component of the Bank's management system and the key to our philosophy of decentralized management and the placement of decision-making authority and accountability as close as possible to the customer interface — the branch. I believe that this is one way in which a national institution like the Royal Bank can maintain a sensitivity to Canada's unique regional requirements.

**BRANCHES KEY TO PERSONALIZED SERVICE**

Although the Royal Bank maintains 1,430 branches across the country, the individuals and businesses we serve are inclined, naturally enough, to identify us with the one particular branch they bank at. Similarly, though we provide a broad range of corporate, commercial and consumer banking services, we are associated mainly with those services demanded by the individual customer.

Being all things to all people is an exceedingly difficult task. And though we can never hope totally to achieve this capability, the task is made easier by our size. In this context, "bigness" is an asset which provides us with the human and financial resources so necessary to the appropriate provision of services.

In keeping with our five-year target for branch development and expansion in Canada we added 50 new branches to the Bank's domestic branch network thereby increasing the number of access points to consumer and commercial banking services in almost every province.

Not all of our branches, however, are of the full-service type. In Toronto, for example, we are experimenting with limited service branches. These premises provide only those *personal* banking services appropriate to the needs of the communities they serve. The success of this concept has led us to consider its application in other urban centres.

Just as limited service branches are a response to particular community needs, so too are our community branches, which are designed to provide financial and









counselling services oriented to the unique needs of low income groups. Over the year, we finalized plans to open a community branch in Vancouver similar to those now operating successfully in Montreal, Toronto, and Winnipeg.

Our international centres, of which there are seven located in key cities across the country, are another type of specialized service point — for those commercial and consumer customers with banking requirements that extend outside the country.

Providing appropriate access to services sometimes involves taking the service to the customer. I am thinking here of our Agribank program where Canadian farmers are visited by their local branch manager — especially during periods when they are concerned with the planting or harvesting of their crops or the husbanding of their animals.

There were no radical changes or innovations in 1975 affecting our commercial or consumer services. Following a period of rapid expansion, we concentrated on evaluating existing services and further refining them based on our experience to date. These include Royal Certified Service — a packaged services plan — which continued to expand during its second year of availability.

#### **MAINTAINING APPROPRIATE ASSET MIX CONSTANT CHALLENGE**

Providing a well balanced range of services with appropriate accessibility is a continuing preoccupation, but we also must remain vigilant in our efforts to ensure an appropriate distribution of funds within each sector of the market and on a geographical basis. During periods of high demand for funds such as Canada has experienced in recent years, management of the Bank's asset mix becomes a more difficult task.

In this respect, our experience during 1975 paralleled that of the previous year. Overall loan demand remained at last year's high levels and the major challenge in planning the administration of the Bank's assets was to identify the sectors in which it would be strongest. There was, for example, clear indication that government initiatives to stimulate economic recovery during a period of marginal growth would require additional funds for residential mortgages. This led the Bank



to increase last year's appropriation to \$828 million of which \$441 million was reserved for financing new home construction.

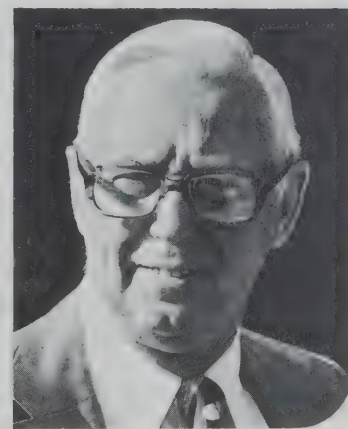
As a result, we were able to issue over 26,000 mortgages during the year at an average value of \$31,800. The Bank's commitment to the residential mortgage market is substantial and this becomes apparent when one considers that since 1967 there has been a tenfold increase in the number of mortgages under our administration. In terms of volume, this represents an overall investment that now exceeds \$3 billion.

The importance of the mortgage market notwithstanding, the Bank has obligations to other sectors of Canadian business. The Royal is committed to provide loans to Canada's small businesses and to the Canadian farmer whose only access to capital is through their bank. In addition, we must accommodate the capital requirements of large corporations whose development programs are economically beneficial to the country. The Bank's asset mix attempts to take into account the needs of these customer groups each of which expects it to allocate sufficient funds to meet loan demand. And I believe we achieved a high measure of success in this regard during 1975.

Last year, in order to focus our resources more effectively on the highly sophisticated corporate financing market, we formed a new division, Corporate Banking — Canada, that consolidated various specialist disciplines in one group. This division is located at our Head Office in Montreal, but, during the year, implementation of field representation at the district level was also accomplished.

During the same period, the division embarked on a business/industry program emphasizing services to medium-sized manufacturing companies with sales in the range of \$2 million to \$10 million. Specifically, a financial planning service providing clients with historical and future results analysis, and cash flow planning support was launched — a service not previously offered in Canada to companies of this size.

Project financing is also a critical service to larger clients. We are asked frequently to provide the "financial engineering" for projects with a size and scope that involve capital requirements beyond those which



*Top: International operations are organized along the same lines as the Canada Division with the exception that jurisdictional areas are larger, often encompassing a number of countries rather than one or several provinces as in Canada.*

*Located in London, England is R.A. Utting, Vice-President, Europe (left) where he directs the Bank's European operations.*

*Also based in London is M.J. Regan, General Manager, U.K. & Scandinavia.*

*Below: Corporate direction in Ontario is provided by Vice-Presidents H.E. McClenaghan (left) and D.W. Morison. Ontario, it is interesting to note, was served by 553 branches in 1975 divided into three separate district administrations.*

**Photo on opposite page:**

*In today's business world taking service to the customer is no idle promise. N.C. Bradshaw, Manager and Mrs. Cheryl Redhead, Assistant Manager, Regina Main Branch, visit their farm client Mr. Murray Pearce (foreground) to discuss his recent grain harvest.*





*Administering operations in other countries abroad are General Managers J.E. Broadley, U.S.A. (left), B.M. Lamont, Asia, Australia, Africa, the Middle East and L.L. Street, Latin America & the Caribbean.*

**Photos on opposite page:**

*Mrs. May P. Martin, Foreign Exchange Trader spends her day buying and selling foreign currency on the International Money Markets, another of the services provided to the Bank's customers. Among the Bank's centres for this activity are London (England), Montreal, Toronto, Nassau, Paris, Singapore and New York where Mrs. Martin is located.*

*Energy is a vital commodity in today's world and in Calgary, Alberta, the oil heartland of Canada, the Royal provides much of the production financing. Such loans require an expert knowledge of the industry, here provided by Petroleum Engineer W.B. Anderson (foreground) of the Bank's Oil and Gas Department seen reviewing gas reserve data with D.M. Kitchen, Manager and Ms. J.M. Donnithorne, Assistant Manager, Calgary Main Branch.*

can be provided by any one financial institution. This has led to our growing involvement in consortium lending where "risk" is prudently distributed amongst several sponsors or "takers".

Typically, the types of projects we have had experience with call for services that can only be provided by a large institution. We frequently require, for example, the highly specialized services of our Mining or Oil and Gas specialists — bankers who can effectively evaluate a highly technical engineering feasibility study; lawyers familiar with the intricacies of corporate law both in Canada and abroad; specialist credit people who can develop the type of financing packages that optimize cash utilization and flow; and foreign exchange staff whose responsibility is to minimize the risk of exchange losses to our clients.

Though project financing is a service provided to domestic corporate clients, frequently, there are offshore considerations and as a consequence, our strong representation in international markets has become very much a factor in successfully financing ventures in this category.

#### **INTERNATIONAL OPERATIONS CONTINUE EXPANSION**

The growth of the Bank's international operations is a direct response to the increasing need for a truly international system of finance — one that can accommodate effectively the massive flows of capital resources between supply and demand points in a reliable manner. This is of particular consequence to Canada. The country's reliance on export business has reached the point where fully half its manufactured goods are destined for offshore markets. And exports generally now account for approximately one quarter of Gross Domestic Product.

The Royal Bank is able to provide competitive financing for Canadian exports because of its size and stature in the international market place. Internationally, the Bank has reached the point where it now has representation in 43 countries through its own 94 foreign branches, another 81 branches of subsidiary and affiliated banks and other operating entities. The business conducted through these various service points is substantial. In fiscal 1975, for example, inter-





national earning assets accounted for about one third of the Bank's total earning assets and 30 per cent of our profits. (A detailed analysis on international earnings and lending practices is provided on pages 38-41.)

I should point out that our international operations, large though they are, in no way drain domestic deposits that may be better applied in Canada. We are a large Bank with an international reputation for stability and this provides us with access to deposits in all major financial markets. The largest of these, the near \$400 billion Eurocurrency market, remains an important source of funds and it is interesting to note that, while as recently as two years ago literally hundreds of assorted financial institutions were active in that mar-

ket, their numbers have diminished dramatically. The Royal remains among the favoured few and has no problem attracting deposits at preferred rates.

Expansion of our overseas operations has been tempered by the prevailing economic climate which, because of continuing uncertainty, demands prudence and caution. We nevertheless established some new presences during the year and strengthened older ones. After an absence of 36 years, for example, we opened a branch in Panama City enabling the Bank to participate in a financial centre that is assuming growing importance in the Latin American market. For similar reasons, we established branch premises in Singapore, and further strengthened our position in the Far East





with the acquisition of an interest in Cathay Trust Company Limited located in Bangkok.

In Europe, where the Royal Bank has been represented for more than half a century, we are well established. Our partnership in the private German bank, Bankhaus Burgardt und Bröckelschen AG of Dortmund, established early in the year, provides an opportunity to diversify our participation in the important German market.

In developing the Royal's international operations we have endeavoured to respond to market opportunities and to strengthen our service capability. In doing so, there has been no intent to seek growth for its own sake but, to be sure, only the larger banks can hope

to participate effectively in international markets. Only they can provide the resources, both financial and human, which this large and sophisticated market demands. In this respect, we see an important and continuing role for the Royal as Canada's leading international bank.

#### **GOVERNMENT DIALOGUE IMPORTANT IN PLANNING**

Because banking is a highly regulated industry, we must be sensitive to the high degree of government involvement in Canadian business generally and specifically in the affairs of the Bank in making any planning assumptions.

Currently, we are working closely with government



in two areas. Our operating mandate is the Bank Act which traditionally has been revised every ten years, reflecting the evolutionary nature of the financial and economic system of the country. The chartered banks are the primary vehicle through which government monetary and fiscal policy is carried out within the economic system. Legislation affecting revisions to the Act in 1977 will be drawn up in 1976 and a healthy dialogue has been established to ensure that both government and banking understand each other's concerns.

Business in Canada has long been criticized for perpetuating the myth of its unfathomable complexity, with the result that many Canadians have no clear picture of its role. The Royal Commission on Corporate Concentration is presently examining the nature of Canada's large corporations and one of the major benefits to all Canadians is that the resultant dialogue between business and government will help to provide some focus on the positive role of business. It also will ensure that we avoid the pitfall of stressing economic growth to the detriment of social progress. The Royal Bank has always advocated parallel growth of these two important elements on the basis that they cannot be mutually exclusive in a healthy society.

A third area of government involvement, affecting not only the Royal Bank but all Canadians, concerns the Federal anti-inflation program. And here again, I point out that our position is one of full cooperation. We have evaluated the guidelines received so far and will be supportive to the fullest extent possible. Our interpretations recognize a responsibility to our staff to ensure that they receive equitable and competitive rates of compensation within the limits of the guidelines.

It should be apparent that we have many preoccupations beyond those related to the day-to-day management of the Bank. While most of these are within the actual realm of banking, or at least within our operating environment, others are not.

#### **MONTHLY LETTER AUTHOR RETIRES**

I am thinking here of those actions that reflect our position as a leading citizen of the business community and a corporate member of society. One of the longest



*Eastern Canada is divided into two administrative districts. Quebec is under the direction of P.A. Fréchette, General Manager (left) based in Montreal. J.J. Fortune is General Manager, Atlantic Provinces with district headquarters located in Halifax.*

#### **Photo on opposite page:**

*General administration brings together many diverse functions. In Toronto, the bank's administrative centre for Ontario, A.H. Michell, Assistant General Manager — Administration, leads regional briefing sessions. Meeting on this occasion are left to right: S.A. Middaugh, Inspector; A.H. Michell; E.R. Robertson, Manager, Administration; A.G. Campbell, Manager, Real Estate Resources; A.J.P. Joss, Manager, Personnel.*





*In France, Alexander de Takacsy, General Manager (left), conducts the bank's affairs in Continental Europe from Paris. G.B. Langley, Vice-President and General Manager, directs operations in British Columbia from offices in Vancouver.*

**Photos on opposite page:**

*Left: Today though most paper transactions are processed by machine, personal contacts are the essence of banking. George Buckrell, Manager, Main Branch, Halifax (right) visits with Mr. Bill Morrow, President, National Sea Products Limited on Halifax docks.*

*Top: Probably no other job represents banking for so many people as does that of teller. Once an exclusively male occupation women made it theirs during the war years; now it is becoming mixed. Carol Chiasson is seen on "cash" at our branch at George V and Notre Dame in Montreal.*

*Bottom: At St. Adolphe in Manitoba Mr. Harold I. Schachter (left) of Dunn-Rite Food Products Ltd. introduces a recently hatched chick to John G. Macpherson, Manager and Suzanne B. Labarge, Senior Assistant Manager, Loans of Winnipeg Main Branch where Dunn-Rite do their banking.*

standing traditions in this area is the Royal Bank Monthly Letter which, for the past 32 years, has been the responsibility of one man. His name, by his own choice unknown to most of his readers, is John Heron. At the age of seventy-nine, Mr. Heron has chosen to retire from a three-decade career devoted to writing on subjects as diverse as the range of human experience. These thought-provoking essays have been read each month by more than three quarters of a million readers in countries around the globe — many of whom found his work a source of comfort and inspiration. Mr. Heron's unique ability and special contribution to the Bank will be sorely missed. And I am sure that I echo the sentiments of all his readers in expressing my own and the Bank's profound appreciation. The Bank will reprint during 1976 those letters which generated particularly wide and positive reader response and careful consideration will be given to the best manner of continuing the basic traditions which have found their expression for the past 32 years in the Royal Bank Monthly Letter.

**ROYAL BANK AWARD MARKS FIRST DECADE**

A different kind of milestone has been reached by the Royal Bank Award which will mark the first decade of its existence in 1976. This past year, for the first time, the Award was presented to two people who have made a significant contribution to the country. The recipients were Dr. R. Keith Downey of Saskatoon and Dr. Baldur R. Stefansson of Winnipeg. The work of these two Canadian agronomists in developing rape-seed as a valuable source of protein is of international importance.

These are just two examples of the support provided by the Royal Bank, in various forms for many socially and culturally worthwhile endeavours. Sports did not figure prominently on the list, until the City of Montreal was awarded the 1976 Olympic Games at which time, the Royal became involved in a Junior Olympics program sponsored by the Canadian Olympic Association, which encourages grass roots participation in Olympic sport. As sole national sponsor, we have contributed three quarters of a million dollars to this program since its inception in 1973 and it is gratifying to









note that participation has grown to an estimated 175,000 youngsters from coast to coast in the space of three years.

As the Olympic Games approach, we have also involved ourselves in some directly related projects, notably, sponsorship of a documentary film which will be seen not only by Canadians but by viewers around the world. This film, "The Summer Before", sensitively portrays the athletic dedication of many young Canadians who are preparing to represent the country in the XXI Olympiad.

At the beginning of my report, I referred to the considerable success the Bank has enjoyed during the past year. And in concluding it, I would like to extend my heartfelt appreciation to those who contributed so much to this achievement. Inevitably, this cannot be accomplished on a personal level but that limitation does not lessen the sincerity behind my expression of thanks to our staff, customers, and shareholders who collectively and individually provide the reasons for the Bank's existence.

*Rich in colour as an old tapestry is this setting for the Bank's Main Branch on Bay Street in Nassau. A familiar sight to Islanders and visitors alike. Among staff providing service inside are Harold R. Longley, Assistant Manager, Loans, and Patricia A. Russell, Clerk, Collection Department.*

*All photographs in the "Report on the Year's Operations" section taken by Roy Nicholls, Toronto; except for the photos on this page which were taken by Stanley Toogood of Nassau.*







# Statement of Revenue, Expenses and Undivided Profits

|                                                                                                              | Year Ended<br>October 31<br>1975 | Year Ended<br>October 31<br>1974 |
|--------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>REVENUE</b>                                                                                               |                                  |                                  |
| Income from loans                                                                                            | \$ 1,793,721,529                 | \$ 1,613,365,118                 |
| Income from securities                                                                                       | 189,703,523                      | 166,220,236                      |
| Other operating revenue                                                                                      | 179,378,127                      | 137,568,647                      |
| <br>Total Revenue                                                                                            | <br>\$ 2,162,803,179             | <br>\$ 1,917,154,001             |
| <b>EXPENSES</b>                                                                                              |                                  |                                  |
| Interest on deposits and bank debentures                                                                     | \$ 1,256,592,133                 | \$ 1,221,258,205                 |
| Salaries, pension contributions and other staff benefits                                                     | 362,099,260                      | 291,196,479                      |
| Property expenses, including depreciation                                                                    | 88,003,468                       | 70,502,843                       |
| Other operating expenses, including provision for losses on loans based on five-year average loss experience | 168,236,792                      | 123,194,124                      |
| <br>Total Expenses                                                                                           | <br>\$ 1,874,931,653             | <br>\$ 1,706,151,651             |
| <br>Balance of revenue                                                                                       | <br>\$ 287,871,526               | <br>\$ 211,002,350               |
| Provision for income taxes relating thereto                                                                  | 134,630,000                      | 103,800,000                      |
| <br>Balance of revenue after provision for income taxes                                                      | <br>\$ 153,241,526               | <br>\$ 107,202,350               |
| Appropriation for losses                                                                                     | 66,500,000                       | 45,100,000                       |
| <br>Balance of profits (note 4) (per share 1975 — \$2.48; 1974 — \$1.87)                                     | <br>\$ 86,741,526                | <br>\$ 62,102,350                |
| Dividends (note 4) (per share 1975 — \$1.23; 1974 — \$1.10)                                                  | 43,750,594                       | 36,590,400                       |
| <br>Amount carried forward                                                                                   | <br>\$ 42,990,932                | <br>\$ 25,511,950                |
| Undivided profits at beginning of year                                                                       | 1,758,385                        | 1,246,435                        |
| <br>Transferred to Rest Account                                                                              | <br>\$ 44,749,317                | <br>\$ 26,758,385                |
|                                                                                                              | 43,500,000                       | 25,000,000                       |
| <br>Undivided profits at end of year                                                                         | <br>\$ 1,249,317                 | <br>\$ 1,758,385                 |



# Statement of Assets

| ASSETS                                                                                  | October 31<br>1975      | October 31<br>1974      |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Cash and due from banks                                                                 | \$ 4,916,610,283        | \$ 3,974,187,112        |
| Cheques and other items in transit, net                                                 | 431,670,522             | 588,996,084             |
| <b>Total Cash Resources</b>                                                             | <b>\$ 5,348,280,805</b> | <b>\$ 4,563,183,196</b> |
| Securities issued or guaranteed by Canada, at amortized value                           | \$ 1,812,059,956        | \$ 2,052,036,659        |
| Securities issued or guaranteed by provinces, at amortized value                        | 106,876,624             | 59,187,826              |
| Other securities, not exceeding market value                                            | 657,120,413             | 701,644,694             |
| <b>Total Securities</b>                                                                 | <b>\$ 2,576,056,993</b> | <b>\$ 2,812,869,179</b> |
| Day, call and short loans to investment dealers and brokers, secured                    | \$ 669,998,750          | \$ 220,885,489          |
| Other loans, including mortgages, less provision for losses                             | 15,146,494,598          | 12,492,145,650          |
| <b>Total Loans</b>                                                                      | <b>\$15,816,493,348</b> | <b>\$12,713,031,139</b> |
| Bank premises at cost, less amounts written off                                         | \$ 237,252,792          | \$ 168,306,201          |
| Securities of and loans to corporations controlled by the bank                          | 145,355,927             | 153,585,502             |
| Customers' liability under acceptances, guarantees and letters of credit, as per contra | 1,070,804,604           | 1,248,981,767           |
| Other assets                                                                            | 16,887,004              | 9,922,834               |
|                                                                                         | <b>\$25,211,131,473</b> | <b>\$21,669,879,818</b> |



# Assets and Liabilities

| LIABILITIES                                                                        | October 31<br>1975      | October 31<br>1974      |
|------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Deposits by Canada                                                                 | \$ 263,912,233          | \$ 272,618,715          |
| Deposits by provinces                                                              | 468,017,929             | 237,215,461             |
| Deposits by banks                                                                  | 4,045,624,051           | 3,135,311,777           |
| Personal savings deposits payable after notice, in Canada,<br>in Canadian currency | 7,847,904,895           | 7,044,902,944           |
| Other deposits                                                                     | 10,245,416,048          | 8,751,323,616           |
| <b>Total Deposits</b>                                                              | <b>\$22,870,875,156</b> | <b>\$19,441,372,513</b> |
| Acceptances, guarantees and letters of credit                                      | \$ 1,070,804,604        | \$ 1,248,981,767        |
| Other liabilities                                                                  | 149,061,395             | 91,115,972              |
| <b>Total Sundry Liabilities</b>                                                    | <b>\$ 1,219,865,999</b> | <b>\$ 1,340,097,739</b> |
| Debentures issued and outstanding (note 2)                                         | \$ 200,000,000          | \$ 125,000,000          |
| Accumulated appropriations for losses                                              | \$ 277,113,334          | \$ 246,623,181          |
| Capital stock:                                                                     |                         |                         |
| Authorized — 50,000,000 shares<br>of \$2 each <u>\$100,000,000</u>                 |                         |                         |
| Outstanding (note 3)                                                               | \$ 72,951,051           | \$ 66,528,000           |
| Rest Account (note 3)                                                              | 569,076,616             | 448,500,000             |
| Undivided profits                                                                  | 1,249,317               | 1,758,385               |
| <b>Total Shareholders' Equity</b>                                                  | <b>\$ 643,276,984</b>   | <b>\$ 516,786,385</b>   |
|                                                                                    | <b>\$25,211,131,473</b> | <b>\$21,669,879,818</b> |

# Statement of Accumulated Appropriations for Losses

(Bracketed amounts are deductions)

|                                                                                                                                                               | Year Ended<br>October 31<br>1975 | Year Ended<br>October 31<br>1974 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>ACCUMULATED APPROPRIATIONS AT BEGINNING OF YEAR</b>                                                                                                        |                                  |                                  |
| General appropriations                                                                                                                                        | \$ 86,857,409                    | \$ 105,832,656                   |
| Tax-paid appropriations                                                                                                                                       | 159,765,772                      | 128,002,818                      |
| <b>Total</b>                                                                                                                                                  | <b>\$ 246,623,181</b>            | <b>\$ 233,835,474</b>            |
| Appropriation from current year's operations                                                                                                                  | \$ 66,500,000                    | \$ 45,100,000                    |
| Loss experience on loans for the year, less provision<br>for losses (included in other operating expenses) based on<br>five-year average loss experience      | (33,380,057)                     | (3,449,927)                      |
| Profits and losses on securities, including provisions to reduce<br>securities other than those of Canada and the provinces to values<br>not exceeding market | 3,050,457                        | (27,686,373)                     |
| Other profits, losses and non-recurring items, net                                                                                                            | (5,833,247)                      | (973,993)                        |
| Provision for income taxes                                                                                                                                    | 153,000                          | (202,000)                        |
| <b>ACCUMULATED APPROPRIATIONS AT END OF YEAR</b>                                                                                                              |                                  |                                  |
| General appropriations                                                                                                                                        | \$ 54,145,641                    | \$ 86,857,409                    |
| Tax-paid appropriations                                                                                                                                       | 222,967,693                      | 159,765,772                      |
| <b>Total</b>                                                                                                                                                  | <b>\$ 277,113,334</b>            | <b>\$ 246,623,181</b>            |



# Notes to the Financial Statements

1. The financial statements include the assets and liabilities and results of operations of all significant subsidiaries whose accounts are permitted by the provisions of the Bank Act to be consolidated with those of the Bank; namely:

|                                                                 |                                            |
|-----------------------------------------------------------------|--------------------------------------------|
| The Royal Bank of Canada (France)                               | RoyEast Investments Limited                |
| The Royal Bank of Canada (Middle East) S.A.L.                   | RBC Finance B.V.                           |
| The Royal Bank of Canada International Limited and subsidiaries | RoyAust Limited                            |
| RBC Houdstermaatschappij B.V.                                   | The Royal Bank of Canada (Channel Islands) |
| RBC Holdings B.V.                                               | Limited and subsidiary                     |
|                                                                 | RoyMidEast Investments Limited             |

As required by the Bank Act, the statements of assets and liabilities of significant subsidiaries not consolidated are included separately in these annual statements.

2. The debentures, subordinate to the claims of depositors and other creditors and subject to sinking fund provisions, consist of:

|                                                                                 | 1975                 | 1974                 |
|---------------------------------------------------------------------------------|----------------------|----------------------|
| 7% April 15, 1991 (maturity on April 15, 1977 at the option of the holder)      | \$ 75,000,000        | \$ 75,000,000        |
| 7 1/2% December 1, 1987 (maturity on June 1, 1979 at the option of the holder)  | 50,000,000           | 50,000,000           |
| 10% December 1, 1994 (maturity on December 1, 1984 at the option of the holder) | 75,000,000           | —                    |
|                                                                                 | <u>\$200,000,000</u> | <u>\$125,000,000</u> |

3. In March 1975, the Bank offered additional shares to its shareholders on the basis of one new share at \$26.00 per share for every ten shares held; shares could be purchased outright or in ten monthly instalments. Changes for the year in the Capital Stock and Rest Account resulting from this offer and from the transfer from undivided profits are as follows:

|                                  | Capital Stock         |                |                     | Rest Account         |
|----------------------------------|-----------------------|----------------|---------------------|----------------------|
|                                  | Number of Shares      |                | Amount              |                      |
|                                  | Issued and fully paid | Partly paid    |                     |                      |
| October 31, 1974                 | 33,264,000            | —              | \$66,528,000        | \$448,500,000        |
| Proceeds from fully paid shares  | 2,947,229             | —              | 5,894,458           | 70,733,496           |
| Proceeds from partly paid shares | —                     | 379,171        | 528,593             | 6,343,120            |
| Transfer from undivided profits  | —                     | —              | —                   | 43,500,000           |
| October 31, 1975                 | <u>36,211,229</u>     | <u>379,171</u> | <u>\$72,951,051</u> | <u>\$569,076,616</u> |

When payments are fully received for the shares which were partly paid at October 31, 1975, Capital Stock and Rest Account will be increased by additional amounts of \$229,749 and \$2,756,984 respectively.

4. The balance of profits per share figures for 1975 have been calculated on the weighted monthly average of equivalent fully paid shares outstanding. The average number of shares for the year ended October 31, 1975 was 34,925,060; during 1974 there were 33,264,000 shares outstanding.

Partly paid shares are entitled to dividends in proportion to the amounts paid thereon.

5. The Bank is engaged in the construction in Toronto of Royal Bank Plaza, a major office complex in which the Ontario headquarters of the Bank will be relocated. At October 31, 1975, the amount remaining to be spent to complete the complex is estimated at \$85,000,000.

## Auditors' Report

### To the Shareholders, The Royal Bank of Canada:

We have examined the statement of assets and liabilities of The Royal Bank of Canada as at October 31, 1975 and the related statements of revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the Bank as at October 31, 1975 and its revenue, expenses and undivided profits and its accumulated appropriations for losses for the year then ended.

Montreal, November 24, 1975

W. DOUGLAS LENNOX, C.A.  
of Price Waterhouse & Co.

ROBERT M. RENNIE, C.A.  
of Touche Ross & Co.

Auditors

# Statements of Assets and Liabilities of Controlled Corporations

## THE ROYAL BANK OF CANADA TRUST COMPANY (Incorporated under the laws of the State of New York) Statement as at October 31, 1975 (In U.S. Dollars; Canadian equivalent \$1.017)

| ASSETS                                                                         |               | LIABILITIES                                                |               |
|--------------------------------------------------------------------------------|---------------|------------------------------------------------------------|---------------|
| Cash and due from banks                                                        | \$ 15,388,816 | Deposits, demand                                           | \$ 63,683,950 |
| United States Government securities,<br>at amortized value                     | 12,541,933    | Deposits, time                                             | 40,528,413    |
| Other securities, at amortized value                                           | 43,997,026    | Deposits by banks                                          | 5,987,459     |
| Loans and discounts                                                            | 50,740,036    | Letters of credit                                          | 2,084,474     |
| Real estate, buildings and equipment,<br>at cost less accumulated depreciation | 7,208,839     | Other liabilities                                          | 558,925       |
| Customers' liability under letters of credit                                   | 2,084,474     | Capital stock fully paid (100,000 shares<br>of \$100 each) | 10,000,000    |
| Other assets                                                                   | 2,337,341     | Surplus Fund                                               | 2,160,000     |
|                                                                                |               | Undivided profits                                          | 9,295,244     |
|                                                                                | \$134,298,465 |                                                            | \$134,298,465 |

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Trust Company with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at U.S. \$9,992,000.  
(2) Under New York Banking Law the Surplus Fund is not available for the payment of dividends. The Fund must be built up to 65% of capital stock and until this has been accomplished transfers of not less than 10% of each year's net income must be made to the Fund.

## GLOBE REALTY CORPORATION, LIMITED (Incorporated under the laws of Canada) and its wholly owned subsidiary companies

### Globe Building Corporation

### Globe Realty Management Limited

Condensed Consolidated Statement as at October 31, 1975 (In Canadian Dollars)

| ASSETS                                                                                     |               | LIABILITIES                                               |               |
|--------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------|---------------|
| Cash in bank                                                                               | \$ 164,879    | Accounts payable and other liabilities                    | \$ 93,643     |
| Real estate, buildings and equipment,<br>at cost less accumulated<br>depreciation (note 2) | 38,624,527    | The Royal Bank of Canada                                  | 19,742,944    |
| Other assets                                                                               | 1,525         | Capital stock fully paid (40,320 shares<br>of \$100 each) | 4,032,000     |
|                                                                                            |               | Surplus                                                   | 14,922,344    |
|                                                                                            | \$ 38,790,931 |                                                           | \$ 38,790,931 |

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of Globe Realty Corporation, Limited. This investment is carried on the books of the Bank at \$1,614,000.  
(2) In accordance with agreements providing for the leasing of certain lands to third parties, Globe Realty Corporation, Limited has pledged lands having a cost of \$8,826,417 as part of the security for mortgages arranged by the third parties on the properties. The terms of the agreements provide that buildings on these lands become the property of the Corporation at the expiration of the leases.



# Controlled Corporations (continued)

## **THE ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED** (Incorporated under the laws of Trinidad and Tobago)

and its wholly owned subsidiary companies

**Royal Bank Trust Company (Trinidad) Limited**

**The Royal Bank Mortgage and Finance Company Limited**

Consolidated Statement as at September 30, 1975 (In Trinidad and Tobago Dollars; Canadian equivalent \$.436)

| <b>ASSETS</b>                                                               |               | <b>LIABILITIES</b>                                           |               |
|-----------------------------------------------------------------------------|---------------|--------------------------------------------------------------|---------------|
| Cash and due from banks                                                     | \$ 74,280,574 | Deposits                                                     | \$311,697,009 |
| Securities, at cost                                                         | 12,303,885    | The Royal Bank of Canada                                     | 5,073,164     |
| Loans and advances, less provision for losses                               | 250,803,601   | Cheques and other items in transit, net                      | 5,477,325     |
| Real estate, buildings and equipment, at cost less accumulated depreciation | 7,612,069     | Acceptances, guarantees and letters of credit                | 22,038,675    |
| Customers' liability under acceptances, guarantees and letters of credit    | 22,038,675    | Provision for income taxes                                   | 1,639,822     |
| Other assets                                                                | 77,457        | Other liabilities                                            | 1,479,718     |
|                                                                             |               | Capital stock fully paid (9,000,000 stock units of \$1 each) | 9,000,000     |
|                                                                             |               | Surplus                                                      | 10,710,548    |
|                                                                             | \$367,116,261 |                                                              | \$367,116,261 |

NOTE: The Royal Bank of Canada owns 72% of the capital stock of The Royal Bank of Trinidad and Tobago Limited. This investment is carried on the books of the Bank at Can. \$3,138,732.

## **THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED** (Incorporated under the laws of Great Britain)

and its wholly owned subsidiary company

**The Royal Bank of Canada Trust Corporation Limited**

Consolidated Statement as at September 30, 1975 (In Sterling; Canadian equivalent \$2.094)

| <b>ASSETS</b>           |              | <b>LIABILITIES</b>                                     |              |
|-------------------------|--------------|--------------------------------------------------------|--------------|
| Cash and due from banks | £ 11,823,491 | Deposits                                               | £ 13,295,381 |
| Securities, at cost     | 734,701      | Accounts payable and other liabilities                 | 605,010      |
| Loans and advances      | 48,447,038   | The Royal Bank of Canada                               | 43,056,125   |
| Other assets            | 342,449      | Capital stock fully paid (3,750,000 shares of £1 each) | 3,750,000    |
|                         |              | Surplus                                                | 641,163      |
|                         | £ 61,347,679 |                                                        | £ 61,347,679 |

NOTE: The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Holdings (U.K.) Limited. This investment is carried on the books of the Bank at Can. \$7,938,000.

**THE ROYAL BANK JAMAICA LIMITED** (Incorporated under the laws of Jamaica)  
and its wholly owned subsidiary company

**Royal Bank Trust Company (Jamaica) Limited**

Consolidated Statement as at September 30, 1975 (In Jamaican Dollars; Canadian equivalent \$1.127)

| ASSETS                                                                      |               | LIABILITIES                                                  |               |
|-----------------------------------------------------------------------------|---------------|--------------------------------------------------------------|---------------|
| Cash and due from banks                                                     | \$ 13,280,843 | Deposits                                                     | \$ 78,313,803 |
| Cheques and other items in transit, net                                     | 2,598,016     | The Royal Bank of Canada                                     | 3,556,412     |
| Securities, at cost                                                         | 4,328,002     | Acceptances, guarantees and letters of credit                | 8,196,273     |
| Loans and advances, less provision for losses                               | 63,577,218    | Other liabilities                                            | 2,009,244     |
| Real estate, buildings and equipment, at cost less accumulated depreciation | 2,695,585     | Capital stock fully paid (3,000,000 stock units of \$1 each) | 3,000,000     |
| Customers' liability under acceptances, guarantees and letters of credit    | 8,196,273     | Surplus                                                      | 1,559,939     |
| Other assets                                                                | 1,959,734     |                                                              |               |
|                                                                             | \$ 96,635,671 |                                                              | \$ 96,635,671 |

NOTE: The Royal Bank of Canada owns 75% of the capital stock of The Royal Bank Jamaica Limited. This investment is carried on the books of the Bank at Can. \$2,578,042.

## Auditors' Report

**To the Shareholders, The Royal Bank of Canada:**

We have examined the statements of assets and liabilities of controlled corporations of The Royal Bank of Canada as at the dates indicated. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the corporations as at the dates indicated.

Montreal, November 24, 1975

W. DOUGLAS LENNOX, C.A.  
of Price Waterhouse & Co.

ROBERT M. RENNIE, C.A.  
of Touche Ross & Co.

Auditors



# Financial Highlights of the Year's Operations

The Bank's financial results for fiscal 1975 were very good. After-tax balance of revenue rose 43 per cent over the previous year to \$153 million exceeding initial expectations because of unusual circumstances in both Canadian and international money markets. Our domestic operations contributed \$107 million to this figure, an increase of \$32 million, reflecting both higher business volumes and wider spreads in domestic interest rates.

Following the narrowing of interest rate spreads in the Canadian money markets in the latter part of fiscal 1974, market conditions changed and spreads widened. Short term interest rates declined in a dramatic and unusual fashion and prime rate also was reduced but not to the same extent as short term deposit rates. There were two reasons for this. First, the Bank of Canada's policy was to attempt to maintain Canadian interest rates at high levels relative to international rates in order to encourage inward flows of funds needed to meet payment deficits. Second, we anticipated, as we believe did the Bank of Canada, that the sharp drop in term deposit rates would be of short duration. This turned out not to be the case. As a result, interest rate spreads earned on domestic assets were unusually high for part of the year.

In our international operations, we experienced the same unusual widening of interest rate spreads, but for different reasons. International money markets were heavily influenced by general economic uncertainties. In this environment only the major international banks, of which the Royal is one, were able to obtain Eurodollar deposits at rates below the general market.

The resultant favourable spread in interest rates contributed substantially to an after-tax balance of revenue from our international operations of \$46 million. This increase of 45 per cent over 1974 was achieved despite a growth in average assets employed internationally of just seven per cent.

The unusual domestic and foreign interest rate spreads and the satisfactory growth in domestic volumes were the major favourable features of 1975 operating results. But there were offsetting factors as well.

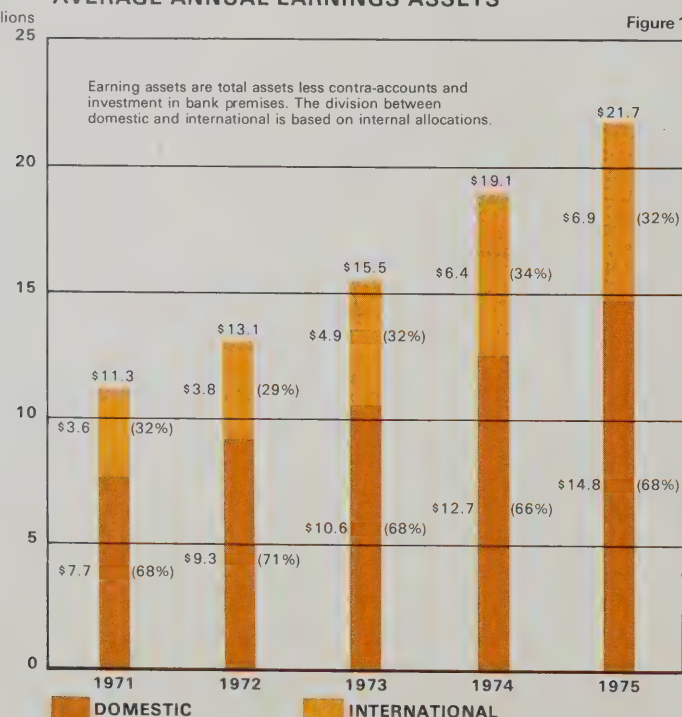
Throughout the Bank we have been faced with large increases in non-interest operating expenses. The total of these expenses for fiscal 1975 was \$618 million, an increase of \$133 million over 1974 levels. While part of this increase can be attributed to higher business volumes, inflation had a significant impact on our expense totals. The other major factor was the provision made for the five-year average loan loss experience which, in 1975, was 63 per cent higher than that of the previous year.

The largest single influence on the Bank's 1975 provision for possible loan losses was our desire to recognize realistically our lending exposure to Real Estate Investment Trusts (R.E.I.T.'s) in the United States. The future of this industry remains very uncertain but we are satisfied that, by all measurements at our disposal, including the opinion of the Shareholders' Auditors, our provision for possible R.E.I.T. loan losses is adequate.

This experience with the R.E.I.T. industry is a recent illustration of the risks involved in banking. Because of these risks

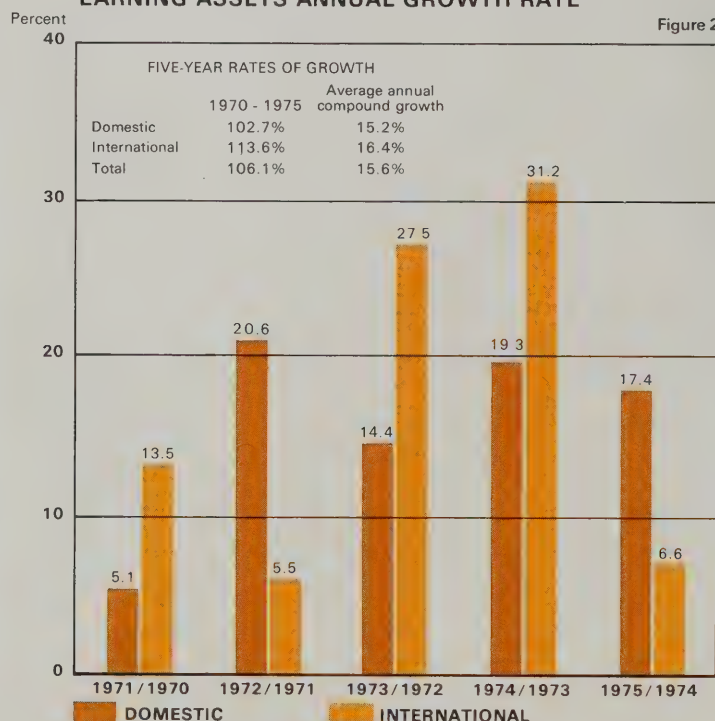
**AVERAGE ANNUAL EARNINGS ASSETS**

Figure 1



**EARNING ASSETS ANNUAL GROWTH RATE**

Figure 2



it is essential that the Bank maintain a prudent balance between its deposit liabilities and capital. The difficulty of maintaining this balance is often not well understood, especially by those who are critical of bank profits. It is essential that a bank maintain adequate profits to allow growth without impairing the shareholders' investment and the public's confidence. To illustrate the difficulty of maintaining adequate capital, despite a year of record profits, our deposit to capital ratio would have deteriorated because of volume growth, especially in Canada, had we not been able to raise capital from external sources. In 1975, the Bank raised a total of \$158 million through a debenture issue and the issue of common shares. Our ability to raise external capital in this manner is dependent upon the confidence of the market place in our ability to generate adequate profits.

### DOMESTIC AND INTERNATIONAL OPERATIONS

To provide a greater perspective and understanding of our financial results for the year just ended, we have expanded the summary of financial highlights to include information on the relative volumes of business and profit contribution of our domestic and international operations for the years 1971 to 1975 inclusive. In addition, we are providing a description of our international lending practices.

During 1975 average earning assets employed in domestic operations totalled \$14.8 billion or 68% of total earning assets while international activities accounted for \$6.9 billion or 32% of the total (figure 1). In other words, the Royal Bank's

assets may be thought of as being employed approximately two-thirds domestically and one-third internationally. This proportion has changed very little during the last five years. However, the pattern of growth in international earning assets (figure 2) has varied more than that of domestic assets during the five-year period. The average annual compound growth rate in international business volume is higher at 16.4% than the comparable growth rate for domestic assets of 15.2%.

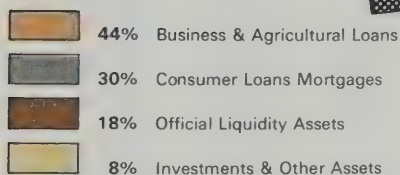
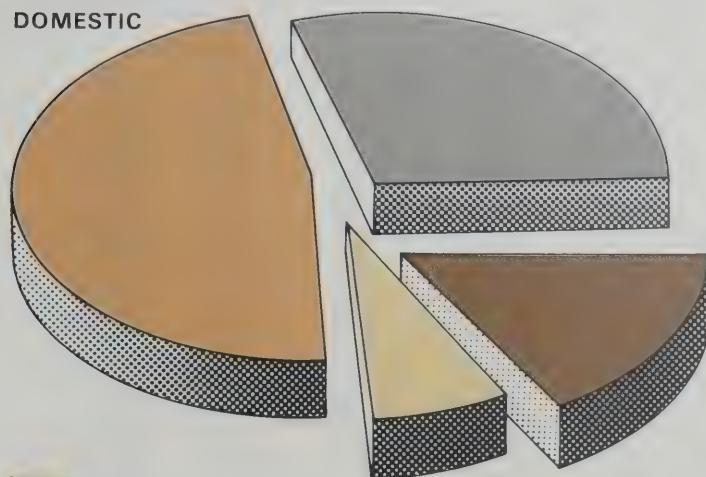
### BUSINESS VOLUME MIX

Our business volume mix is shown in figure 3. In 1975, loans to businesses and farmers represented the largest single category of domestic earning assets. Consumer and mortgage loans amounted to 30% of assets. Official liquidity assets, consisting of notes and deposits with the Bank of Canada, Treasury Bills, Government of Canada Bonds, and day loans, represent the reserves required as a Canadian chartered bank. Of the international earning assets, deposits with other banks amount to 50% while consumer and business loans made up 47%.

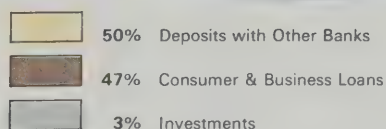
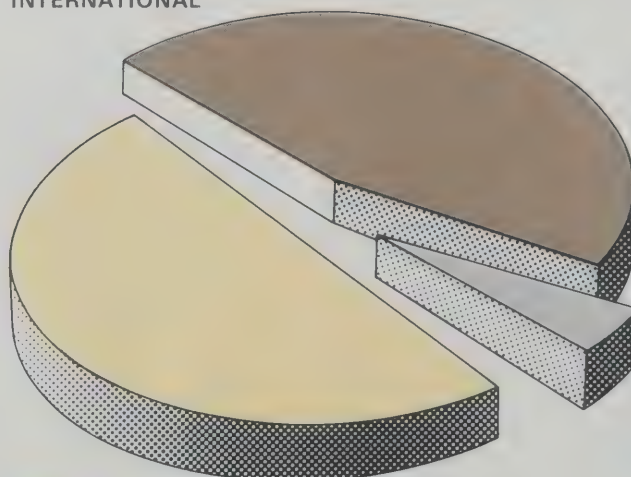
**DISTRIBUTION OF EARNING ASSETS  
1975 ANNUAL AVERAGE BALANCES**

Figure 3

#### DOMESTIC



#### INTERNATIONAL





## DOMESTIC AND INTERNATIONAL EARNINGS

The Bank's after-tax balance of revenue for the period 1971 to 1975 is shown in figure 4 along with the proportionate contribution to this total by our domestic and international operations. Domestic operations include all activities of the Bank in Canada that generate Canadian dollar deposits. These deposits, after allowance for statutory reserves, are used to make investments and loans in Canadian currency. Similarly, international operations are those generally involving the generation and use of deposits denominated in foreign currencies outside Canada. In addition to revenues and expenses which are directly attributable to domestic and international operations, certain indirect revenues and expenses also have been allocated between domestic and international in determining after-tax balance of revenue.

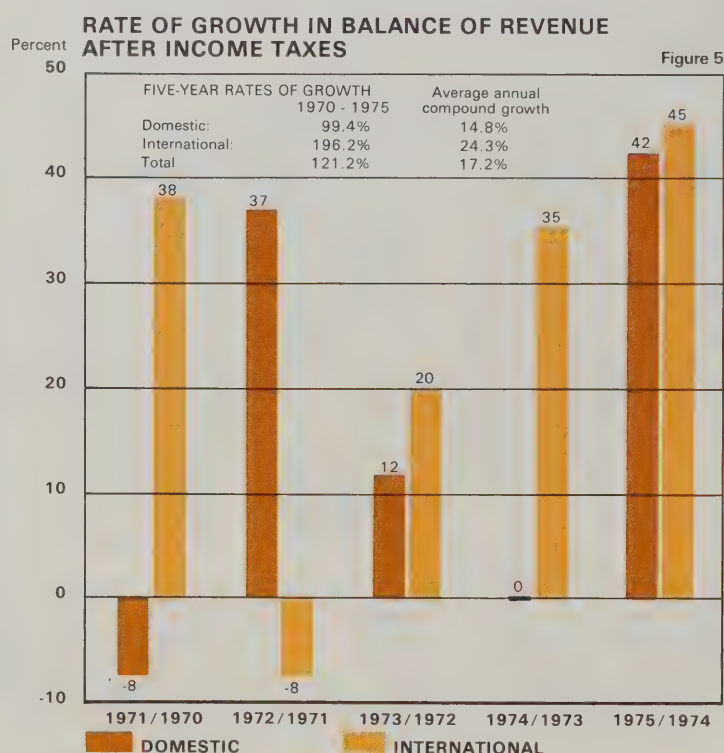
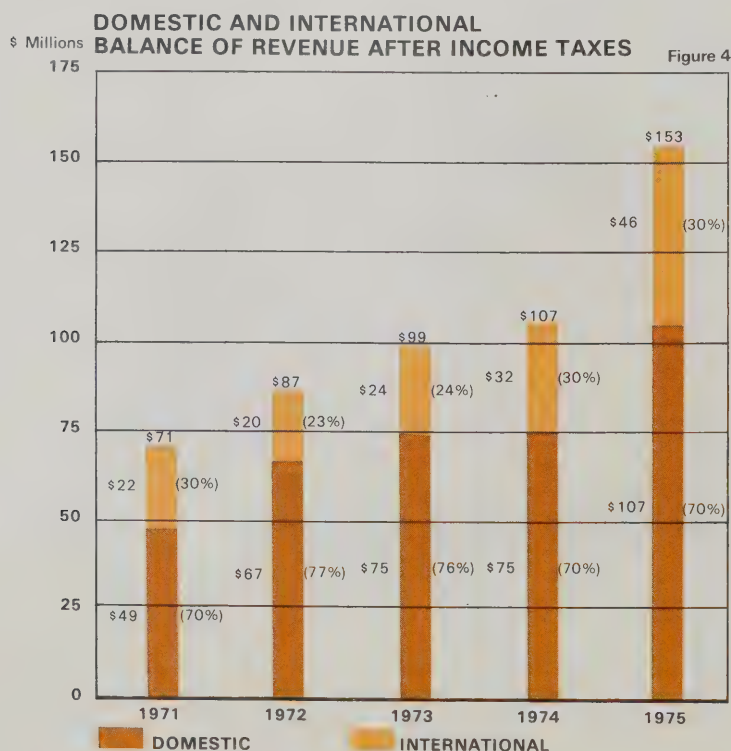
As can be seen in figure 4, domestic after-tax earnings of \$107 million in 1975 represented 70% of the earnings of the Bank as a whole, the same as in 1971. In our latest fiscal year the earnings from our international operations were \$46 million or 30% of the total Bank after-tax earnings.

Figure 5 indicates that since 1970 international earnings have grown 196% for a compound average annual growth rate of 24.3% compared with a growth of 99% in domestic earnings or a compound average annual growth of 14.8%. However, the patterns of earnings growth in the two major spheres of our activities have been quite different. Commencing in 1973, international earnings have grown at a much faster rate than those from domestic sources. In 1975, international

earnings of \$46 million were 135% higher than in the fiscal year 1972. During the same time frame, domestic earnings grew by only 59%. The major reason for this relatively low domestic earnings performance is that in 1974 a combination of narrowing interest rate spreads and high growth in non-interest operating expenses produced earnings which were the same as in the 1973 fiscal year.

Finally, in comparing rates of growth in earning assets and after-tax earnings as shown in figures 2 and 5, respectively, there is an important point to be made in understanding the Bank's profit growth during the five-year period 1971 to 1975. Earning assets grew by an average of 15.6% per annum during this period, while after-tax earnings grew by an annual average of 17.2%. Thus generally, earnings growth parallels growth in volumes. In fact in domestic operations, volume growth averaged 15.2% per annum compared with a lower, 14.8% growth in earnings. In our international operations, while volumes increased by an average of 16.4% each year, annual after-tax earnings improved by an average of 24.3%.

Another method of stating this important relationship is to express after-tax earnings as a percentage of average earning assets. This is done in figure 6 for domestic and international operations and for the Bank as a whole. This chart shows the margin of total corporate profitability has ranged from 0.56% in 1974 to 0.71% in 1975, with the years 1971 to 1973 being about the same. The five-year average margin is 0.64%. The relatively low margin in 1974 is attributable to domestic operations because, while volumes grew during that year by 19%



(figure 2) there was no improvement in earnings (figure 5). In 1975, the margin of domestic profitability (0.72%) returned to the more normal levels of 1972 and 1973 (0.73% — 0.71%) while balance of revenue from international operations was 0.67% of earning assets, very much higher than in the earlier years, thus being a major factor in 1975 earnings growth.

### LENDING IN INTERNATIONAL MARKETS

Implicit in the lending function is the assumption of risk. Risk is modified, however, by the quality of credit supervision which, in turn, depends on the calibre of our lending officers at home and abroad, the depth of our country and risk assessment, and on the careful observance of our controls.

Intimate knowledge of the client, his market and the environment in which he operates remain the basic function of our foreign lending operations. To this is added the sophisticated methodology of assessing the economic, political, social and business expectations of all the countries in which we do business, directly or indirectly. These assessments lead to establishment of country limits or operating guidelines under which country risk is controlled.

Country risk represents not only the summation of our exposure arising from loans, guarantees, letters of credit and so forth with clients domiciled in that country, but also must take cognizance of exchange fluctuations, imposition of controls in the borrowing country, and any potentially adverse economic developments.

Credit proposals are approved at management levels and

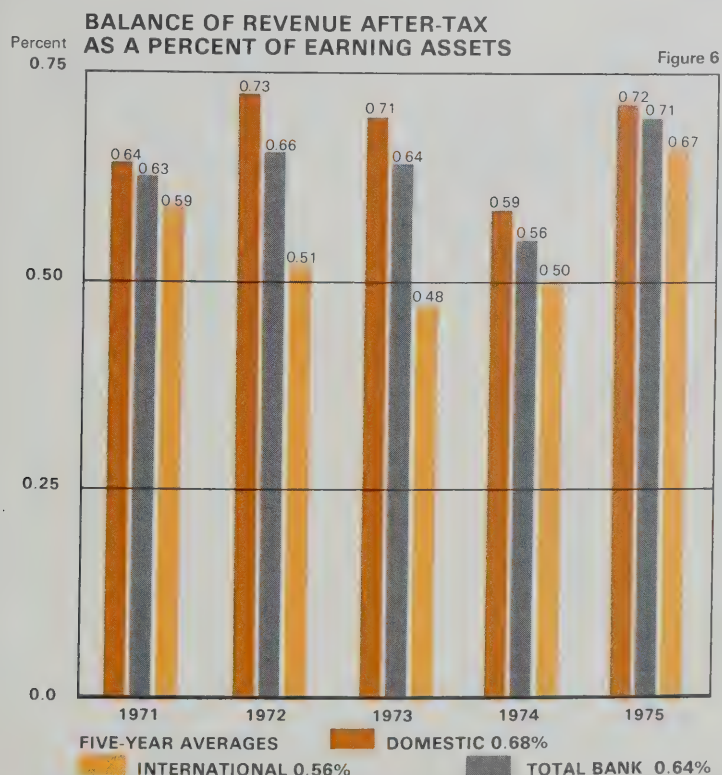
within limits that relate experience to risk and complexity. Larger and more complex proposals require more senior review, and the largest credits must have the further endorsement of the Divisional Senior Vice-President and General Manager, and the Board of Directors.

To ensure proper utilization of discretionary limits in the field, considerable value is placed on independent review by our well developed system of foreign inspection.

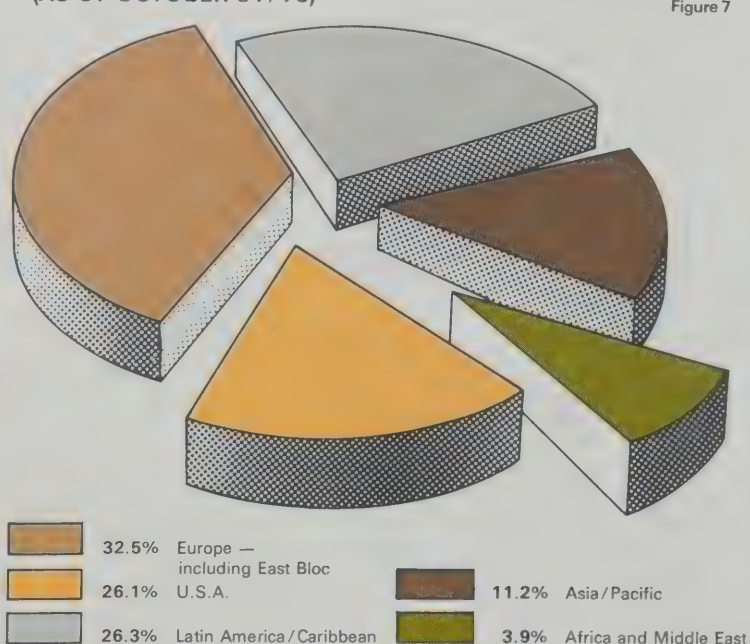
A variety of controls and checks are employed to ensure that the Bank's international loan portfolio is well diversified and of acceptable quality, with broad representation in Europe, U.S.A., the Pacific Rim, Africa, Middle East, Latin America and the Caribbean. With such a geographic dispersion of risks, there is less likelihood of an adverse event in one part of the world significantly affecting our overall performance.

The geographical distribution of the Bank's international earning assets is illustrated below (figure 7).

Having summarized briefly the highlights of this year's performance and the Bank's domestic and international growth in the past five years, we feel that it may be useful to conclude this financial review within a longer term perspective. The Bank's earnings have grown at a 17% average annual compound rate. This ability to produce consistently good earnings is the most important measure of financial performance.



**DISTRIBUTION OF INTERNATIONAL EARNINGS ASSETS (AS OF OCTOBER 31 / 75)**

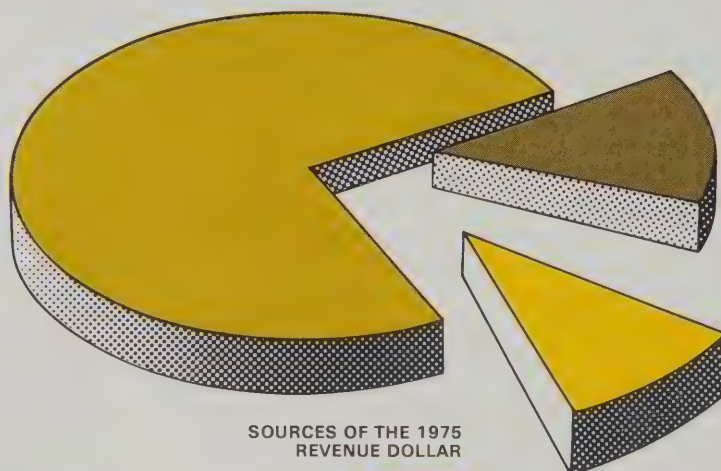




# The Revenue Dollar

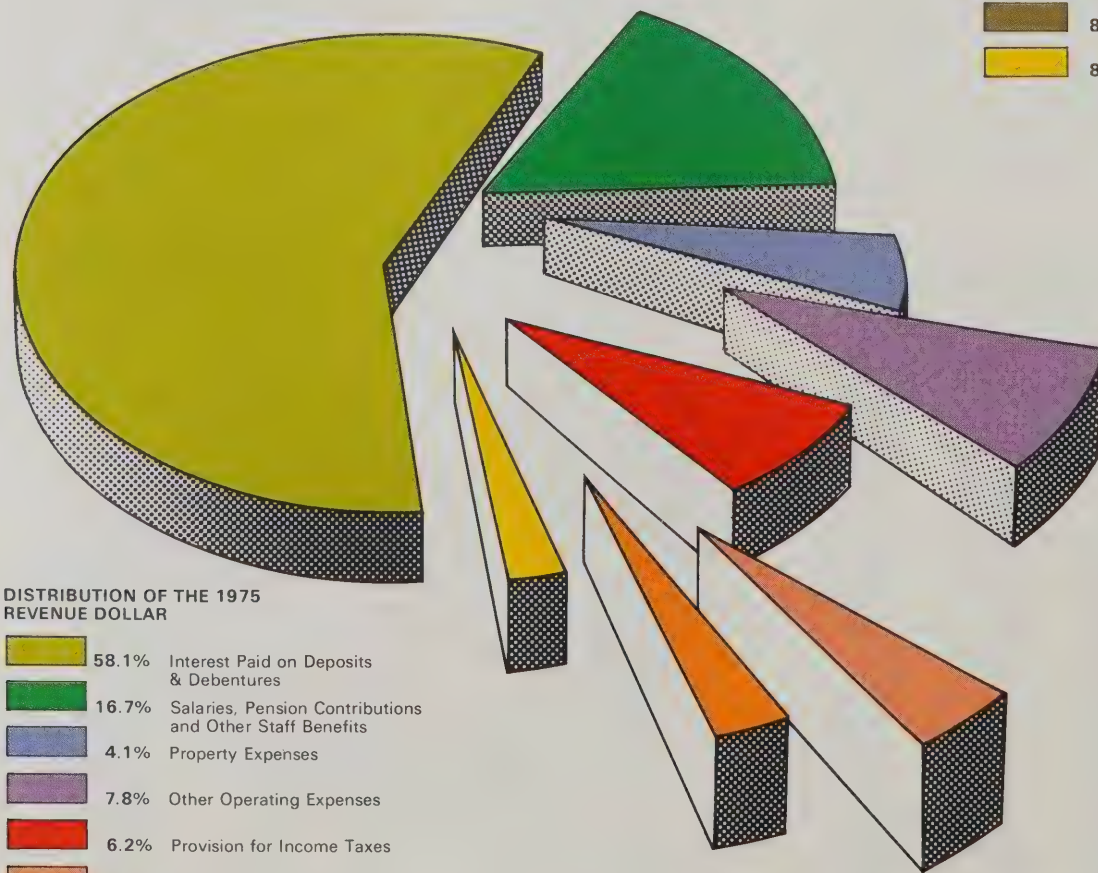
## Where the income dollar came from . . . and where it went in 1975.

Insight into the patterns of our business is provided by analysis of the sources of the Bank's revenue dollar, and of the ways in which it was shared with depositors, employees, suppliers of goods and services, governments and shareholders. The chart (below) illustrating distribution of the revenue dollar indicates that our largest expense items were: interest on deposits, salaries, pension contributions and other staff benefits. Property and other operating expenses accounted for 12% of total revenue. Over 6 cents of the revenue dollar went to governments in the form of income taxes. This amount represents 47% of balance of revenue.



SOURCES OF THE 1975 REVENUE DOLLAR

- 82.9% Income from Loans
- 8.8% Income from Securities
- 8.3% Other Operating Revenue



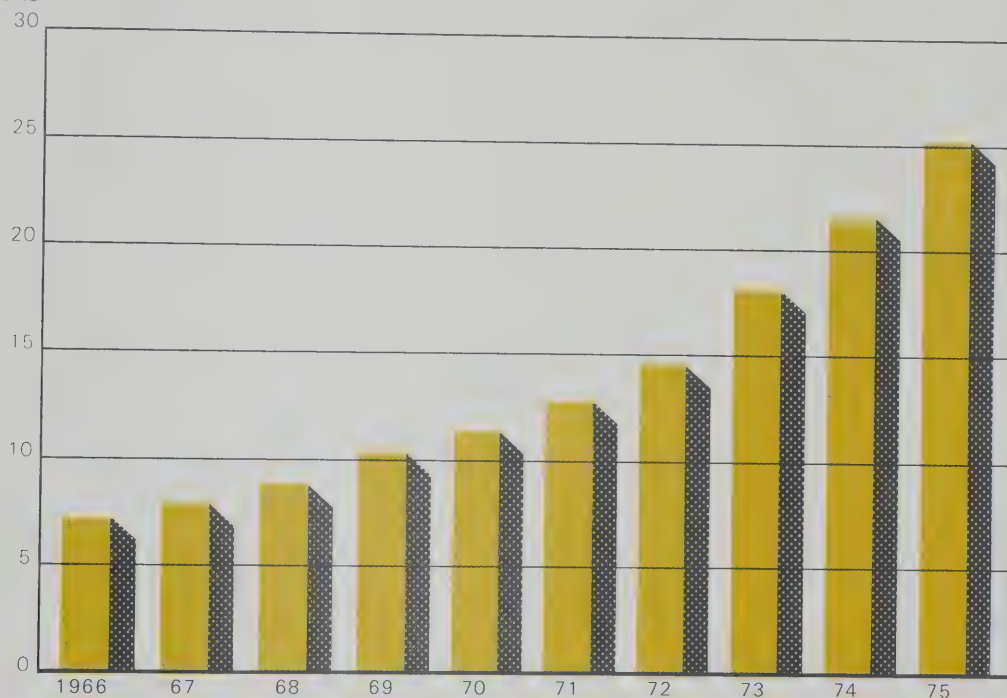
DISTRIBUTION OF THE 1975 REVENUE DOLLAR

- 58.1% Interest Paid on Deposits & Debentures
- 16.7% Salaries, Pension Contributions and Other Staff Benefits
- 4.1% Property Expenses
- 7.8% Other Operating Expenses
- 6.2% Provision for Income Taxes
- 3.1% Appropriation for Losses
- 2.0% Dividends Paid
- 2.0% Retained Earnings

## A Ten-Year Perspective

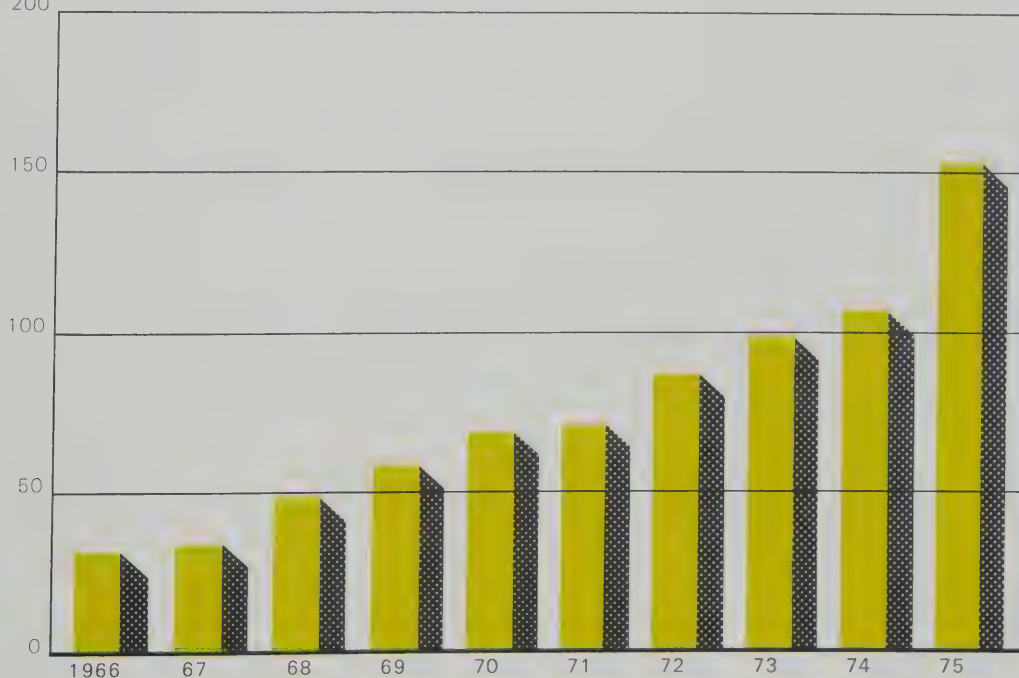
**GROWTH OF TOTAL  
ASSETS OVER THE LAST  
TEN YEARS**

\$ BILLIONS



**GROWTH OF BALANCE  
OF REVENUE AFTER TAXES  
BEFORE APPROPRIATION  
FOR LOSSES OVER  
THE LAST TEN YEARS**

\$ MILLIONS





# Ten-Year Statistical Review

(in thousands)

## ASSETS AND LIABILITIES

|                                                 | 1975                | 1974                | 1973                | 1972                |
|-------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                                   |                     |                     |                     |                     |
| Cash resources                                  | \$ 5,348,281        | \$ 4,563,183        | \$ 5,338,982        | \$ 3,688,244        |
| Securities                                      | 2,576,057           | 2,812,869           | 2,143,978           | 2,296,048           |
| Loans including day loans                       | 15,816,493          | 12,713,031          | 9,972,051           | 8,111,053           |
| Bank premises (net)                             | 237,253             | 168,306             | 137,749             | 119,920             |
| Other assets                                    | 1,233,047           | 1,412,491           | 770,775             | 552,251             |
| <b>Total</b>                                    | <b>\$25,211,131</b> | <b>\$21,669,880</b> | <b>\$18,363,535</b> | <b>\$14,767,516</b> |
| <b>LIABILITIES</b>                              |                     |                     |                     |                     |
| Deposits                                        | \$22,870,875        | \$19,441,373        | \$16,800,301        | \$13,537,382        |
| Sundry liabilities                              | 1,219,866           | 1,340,098           | 713,124             | 496,985             |
| Debentures                                      | 200,000             | 125,000             | 125,000             | 75,000              |
| Accumulated appropriations for losses           | 277,113             | 246,623             | 233,835             | 215,840             |
| Shareholders' equity                            | 643,277             | 516,786             | 491,275             | 442,309             |
| <b>Total</b>                                    | <b>\$25,211,131</b> | <b>\$21,669,880</b> | <b>\$18,363,535</b> | <b>\$14,767,516</b> |
| <b>ACCUMULATED APPROPRIATIONS FOR LOSSES</b>    |                     |                     |                     |                     |
| Accumulated appropriations at beginning of year | \$ 246,623          | \$ 233,835          | \$ 215,840          | \$ 186,193          |
| Additions (deductions) during year:             |                     |                     |                     |                     |
| Current year's appropriations#                  | \$ 66,500           | \$ 45,100           | \$ 41,350           | \$ 35,814           |
| Losses on loans under (over) 5-year average#    | (33,380)            | (3,450)             | 3,586               | (2,222)             |
| Profits and losses on securities#               | 3,050               | (27,686)            | (5,736)             | 8,326               |
| Other profits and losses, (net)#                | (5,833)             | (974)               | 1,351               | 3,343               |
| Provision for income taxes                      | 153                 | (202)               | 2,444               | (614)               |
| Transfer to undivided profits                   | —                   | —                   | (25,000)            | (15,000)            |
|                                                 | \$ 30,490           | \$ 12,788           | \$ 17,995           | \$ 29,647           |
| Accumulated appropriations at end of year       |                     |                     |                     |                     |
| General appropriations                          | \$ 54,146           | \$ 86,857           | \$ 105,832          | \$ 104,786          |
| Tax-paid appropriations                         | 222,967             | 159,766             | 128,003             | 111,054             |
| <b>Total</b>                                    | <b>\$ 277,113</b>   | <b>\$ 246,623</b>   | <b>\$ 233,835</b>   | <b>\$ 215,840</b>   |

# For space reasons, some statutory headings have been abbreviated or reworded but, in all such cases amounts correspond to those in annual statements where published.

| 1971         | 1970         | 1969         | 1968         | 1967         | 1966         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 3,003,367 | \$ 2,648,853 | \$ 2,293,326 | \$ 1,551,736 | \$ 1,256,322 | \$ 1,156,260 |
| 2,258,855    | 1,875,637    | 1,703,127    | 2,053,956    | 1,731,833    | 1,465,476    |
| 6,973,914    | 6,166,013    | 5,752,525    | 4,739,084    | 4,402,748    | 4,025,025    |
| 117,346      | 96,815       | 93,286       | 90,009       | 84,141       | 76,987       |
| 600,096      | 581,305      | 353,895      | 308,433      | 304,615      | 306,347      |
| \$12,953,578 | \$11,368,623 | \$10,196,159 | \$8,743,218  | \$7,779,659  | \$7,030,095  |
| \$11,772,301 | \$10,303,212 | \$ 9,308,225 | \$7,955,074  | \$7,028,815  | \$6,304,215  |
| 512,240      | 513,921      | 363,189      | 297,379      | 297,370      | 293,980      |
| 75,000       | —            | —            | —            | —            | —            |
| 186,193      | 160,465      | 149,733      | 130,670      | 105,418      | 94,165       |
| 407,844      | 391,025      | 375,012      | 360,095      | 348,056      | 337,735      |
| \$12,953,578 | \$11,368,623 | \$10,196,159 | \$8,743,218  | \$7,779,659  | \$7,030,095  |
| \$ 160,465   | \$ 149,733   | \$ 130,670   | \$ 105,418   | \$ 94,165    | \$ 90,374    |
| \$ 26,830    | \$ 24,660    | \$ 17,700    | \$ 14,441    | \$ 3,813     | \$ 4,251     |
| (4,752)      | (5,037)      | 4,489        | 1,929        | 3,895        | 2,323        |
| 5,252        | (7,498)      | (3,156)      | (984)        | 667          | (6,940)      |
| (1,602)      | (1,393)      | 30           | (5,964)      | (1,122)      | (293)        |
| —            | —            | —            | 15,830       | 4,000        | 4,450        |
| —            | —            | —            | —            | —            | —            |
| \$ 25,728    | \$ 10,732    | \$ 19,063    | \$ 25,252    | \$ 11,253    | \$ 3,791     |
| \$ 112,108   | \$ 116,635   | \$ 119,973   | \$ 121,633   | \$ 97,566    | \$ 86,873    |
| 74,085       | 43,830       | 29,760       | 9,037        | 7,852        | 7,292        |
| \$ 186,193   | \$ 160,465   | \$ 149,733   | \$ 130,670   | \$ 105,418   | \$ 94,165    |



# Ten-Year Statistical Review

(in thousands)

## REVENUE, EXPENSES AND UNDIVIDED PROFITS

|                                                     | 1975         | 1974         | 1973         | 1972       |
|-----------------------------------------------------|--------------|--------------|--------------|------------|
| <b>REVENUE</b>                                      |              |              |              |            |
| Income from loans                                   | \$ 1,793,722 | \$ 1,613,365 | \$ 1,015,923 | \$ 728,294 |
| Income from securities                              | 189,703      | 166,220      | 120,510      | 114,300    |
| Other operating revenue                             | 179,378      | 137,569      | 115,364      | 100,534    |
| Total Revenue                                       | \$ 2,162,803 | \$ 1,917,154 | \$ 1,251,797 | \$ 943,128 |
| <b>EXPENSES</b>                                     |              |              |              |            |
| Interest on deposits                                | \$ 1,256,592 | \$ 1,221,258 | \$ 673,477   | \$ 462,656 |
| Salaries, etc. #                                    | 362,099      | 291,197      | 233,661      | 181,681    |
| Property expenses#                                  | 88,003       | 70,503       | 56,730       | 48,857     |
| Other operating expenses#                           | 168,237      | 123,194      | 95,785       | 84,435     |
| Total Expenses                                      | \$ 1,874,931 | \$ 1,706,152 | \$ 1,059,653 | \$ 777,629 |
| Balance of revenue                                  | \$ 287,872   | \$ 211,002   | \$ 192,144   | \$ 165,499 |
| Provision for income taxes                          | 134,630      | 103,800      | 92,900       | 78,286     |
| Balance of revenue after taxes                      | \$ 153,242   | \$ 107,202   | \$ 99,244    | \$ 87,213  |
| Appropriation for losses                            | 66,500       | 45,100       | 41,350       | 35,814     |
| Balance of profits                                  | \$ 86,742    | \$ 62,102    | \$ 57,894    | \$ 51,399  |
| Dividends                                           | 43,751       | 36,590       | 33,929       | 31,933     |
| Amount carried forward                              | \$ 42,991    | \$ 25,512    | \$ 23,965    | \$ 19,466  |
| Undivided profits at beginning of year              | 1,758        | 1,246        | 4,781        | 3,315      |
| Transfer from accumulated appropriations for losses | —            | —            | 25,000       | 15,000     |
|                                                     | \$ 44,749    | \$ 26,758    | \$ 53,746    | \$ 37,781  |
| Transferred to Rest Account                         | 43,500       | 25,000       | 52,500       | 33,000     |
| Undivided profits at end of year                    | \$ 1,249     | \$ 1,758     | \$ 1,246     | \$ 4,781   |
| <b>OTHER INFORMATION</b>                            |              |              |              |            |
| Balance of Revenue after tax per share              | \$ 4.39      | \$ 3.22      | \$ 2.98      | \$ 2.62    |
| Balance of Profits per share                        | \$ 2.48      | \$ 1.87      | \$ 1.74      | \$ 1.55    |
| Dividends per share                                 | \$ 1.23      | \$ 1.10      | \$ 1.02      | 96¢        |
| Number of branches                                  | 1,524        | 1,470        | 1,409        | 1,393      |

\*Adjusted for 5 for 1 share split in 1967.

\*\*The undivided profits at the beginning of the year ended October 31, 1971 have been adjusted to include the undivided profits of subsidiaries whose earnings were not previously consolidated.

#For space reasons, some statutory headings have been abbreviated or reworded but, in all such cases amounts correspond to those in annual statements where published.

| 1971      | 1970      | 1969      | 1968      | 1967      | 1966      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$664,348 | \$686,322 | \$514,139 | \$361,927 | \$282,843 | \$247,751 |
| 119,776   | 111,953   | 104,641   | 99,763    | 75,291    | 66,618    |
| 88,953    | 85,434    | 77,303    | 66,354    | 60,493    | 49,601    |
| \$873,077 | \$883,709 | \$696,083 | \$528,044 | \$418,627 | \$363,970 |
| \$452,540 | \$487,885 | \$348,403 | \$232,319 | \$173,193 | \$145,010 |
| 166,342   | 150,509   | 138,394   | 115,861   | 105,277   | 94,439    |
| 45,235    | 41,147    | 36,757    | 33,059    | 29,646    | 27,477    |
| 68,578    | 59,888    | 52,199    | 44,610    | 41,619    | 35,461    |
| \$732,695 | \$739,429 | \$575,753 | \$425,849 | \$349,735 | \$302,387 |
| \$140,382 | \$144,280 | \$120,330 | \$102,195 | \$ 68,892 | \$ 61,583 |
| 69,500    | 75,000    | 62,100    | 52,430    | 34,800    | 29,900    |
| \$ 70,882 | \$ 69,280 | \$ 58,230 | \$ 49,765 | \$ 34,092 | \$ 31,683 |
| 26,830    | 24,660    | 17,700    | 14,441    | 3,813     | 4,251     |
| \$ 44,052 | \$ 44,620 | \$ 40,530 | \$ 35,324 | \$ 30,279 | \$ 27,432 |
| 29,272    | 28,607    | 25,613    | 23,285    | 19,959    | 19,958    |
| \$ 14,780 | \$ 16,013 | \$ 14,917 | \$ 12,039 | \$ 10,320 | \$ 7,474  |
| 3,536**   | 1,484     | 1,567     | 1,528     | 2,208     | 1,734     |
| —         | —         | —         | —         | —         | —         |
| \$ 18,316 | \$ 17,497 | \$ 16,484 | \$ 13,567 | \$ 12,528 | \$ 9,208  |
| 15,000    | 16,000    | 15,000    | 12,000    | 11,000    | 7,000     |
| \$ 3,316  | \$ 1,497  | \$ 1,484  | \$ 1,567  | \$ 1,528  | \$ 2,208  |
| \$ 2.13   | \$ 2.08   | \$ 1.75   | \$ 1.50   | \$ 1.02   | 95¢*      |
| \$ 1.32   | \$ 1.34   | \$ 1.22   | \$ 1.06   | 91¢       | 82¢*      |
| 88¢       | 86¢       | 77¢       | 70¢       | 60¢       | 60¢*      |
| 1,366     | 1,312     | 1,264     | 1,241     | 1,221     | 1,202     |



## Board of Directors



© Karsh

Meetings of the Board of Directors are held weekly in Montreal and other regional centres where directors are located. In addition, quarterly meetings of the full Board are held at which the affairs of the bank are discussed in depth. In recent years, such meetings have been convened in various major centres in Canada, including Vancouver, Toronto, Quebec City, Moncton, Edmonton and Regina. The Annual Meeting is held in Montreal on the second Thursday in January.

*Deputy Chairmen and Executive Vice-Presidents J.K. Finlayson (Montreal) and W.D.H. Gardiner (Toronto) compare notes (left) while Chairman and President W. Earle McLaughlin chats with directors Claude Pratte, Q.C., Quebec, Advocate (left); J. Pierre Maurer, Ottawa, President — Canadian Operations — Metropolitan Life Insurance Company; P.N. Thomson, Montreal, Deputy Chairman, Power Corporation of Canada, Limited, preparatory to a meeting.*



Roy Nicholls

# Directors

## *Chairman and President*



W. EARLE McLAUGHLIN  
MONTREAL  
*Chairman and President,*  
The Royal Bank of Canada

## *Deputy Chairman and Executive Vice-President*



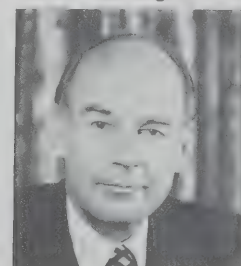
J. K. FINLAYSON  
MONTREAL  
*Deputy Chairman and  
Executive Vice-President,*  
The Royal Bank of Canada

## *Deputy Chairman and Executive Vice-President*



W. D. H. GARDINER  
TORONTO  
*Deputy Chairman and  
Executive Vice-President,*  
The Royal Bank of Canada

## *Executive Vice- President and Chief General Manager*



ROWLAND C. FRAZEE  
MONTREAL  
*Executive Vice-President  
and Chief General Manager,*  
The Royal Bank of Canada

## *Vice-President*



W. O. TWAITS  
C.C.,  
TORONTO  
*President,*  
Sarcalto Limited

## *Vice-President*



IAN D. SINCLAIR  
MONTREAL  
*Chairman and Chief Executive  
Officer,*  
Canadian Pacific Limited



## Directors (continued)



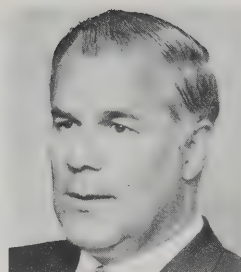
The Rt. Hon.  
LORD ADEANE  
LONDON, ENGLAND  
*Company Director*



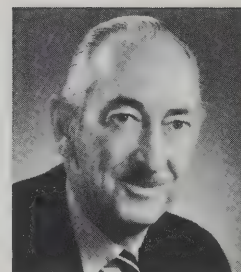
D. S. ANDERSON  
TORONTO  
*Chairman,  
Canada Realities Limited*



JOHN A. ARMSTRONG  
TORONTO  
*President and Chief Executive,  
Imperial Oil Limited*



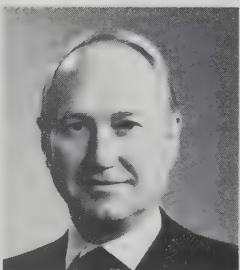
IAN A. BARCLAY  
VANCOUVER  
*President and Chief Executive  
Officer,  
British Columbia Forest  
Products Limited*



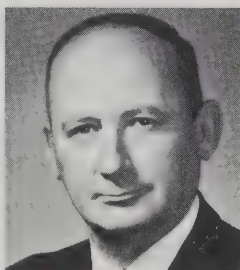
T. J. BELL  
M.C.  
TORONTO  
*Chairman of the Board and  
Chief Executive Officer,  
Abitibi Paper Company Ltd.*



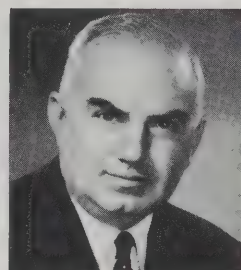
G. H. BLUMENAUER  
HAMILTON  
*Chairman and President,  
Otis Elevator Company  
Limited*



G. ALLAN BURTON  
D.S.O., E.D., LL.D.  
TORONTO  
*Chairman and Chief Executive  
Officer,  
Simpsons, Limited*



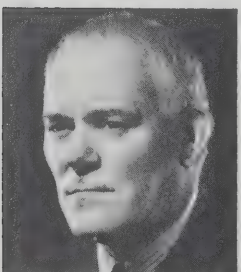
R. B. CAMERON  
O.C., D.S.O.  
HALIFAX  
*Chairman of the Board,  
Maritime Steel & Foundries  
Limited*



A. B. CHRISTOPHER  
VANCOUVER  
*President,  
Montrose Developments Ltd.*



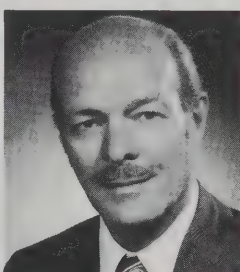
JOHN H. COLEMAN  
TORONTO  
*President,  
J. H. C. Associates Limited*



FRANK B. COMMON, Jr.,  
Q.C.  
MONTREAL  
*Partner,  
Ogilvy, Cope, Porteous,  
Montgomery, Renault,  
Clarke & Kirkpatrick*



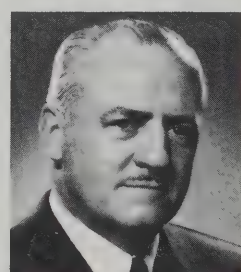
F. M. COVERT  
O.B.E., D.F.C., Q.C.  
HALIFAX  
*Partner,  
Stewart, MacKeen & Covert*



L. G. DesBRISAY  
MONCTON  
*President,  
Blakeny & Son Ltd.*



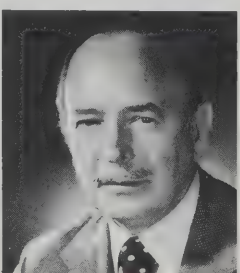
The Hon.  
PAUL DESRUISSEAU  
Q.C.  
SHERBROOKE  
*Chairman,  
Desmont Research and  
Development Inc.*



J. E. L. DUQUET  
Q.C.  
MONTREAL  
*Senior Partner,  
Duquet, MacKay, Weldon  
& Bronstetter*



KELLY H. GIBSON  
CALGARY  
*Chairman and Chief Executive  
Officer,  
Westcoast Transmission  
Company Limited*



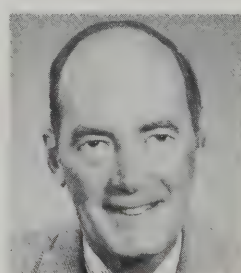
FLOYD D. HALL  
NEW YORK  
*Chairman and Chief Executive  
Officer,  
Eastern Air Lines  
Incorporated*



SIR CHARLES E. M. HARDIE  
C.B.E.  
LONDON, ENGLAND  
*Partner,  
Dixon, Wilson & Company*

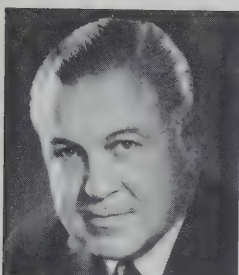


GEORGE HEFFELFINGER  
WINNIPEG  
*President,  
Highcroft Enterprises Ltd.*

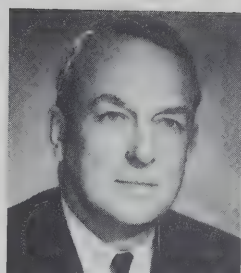


DAVID S. HOLBROOK  
SAULT STE. MARIE  
*Chairman and Chief  
Executive Officer,  
The Algoma Steel  
Corporation, Limited*





**L. G. LUMBERS**  
TORONTO  
*Chairman of the Board,*  
Noranda Manufacturing Ltd.



**P. L. P. MACDONNELL**  
Q.C.  
EDMONTON  
*Partner,*  
Milner & Steer



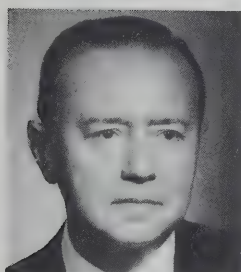
**CLIFFORD S. MALONE**  
MONTREAL  
*President and Chief Operating Officer,*  
Canron Limited



**F. C. MANNIX**  
CALGARY  
*Company Director*



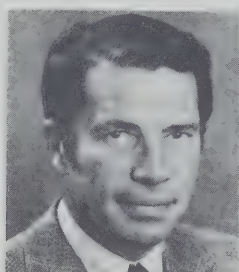
**J. PIERRE MAURER**  
OTTAWA  
*President —*  
Canadian Operations,  
Metropolitan Life  
Insurance Company



**J. P. MONGE**  
NEW YORK  
*Vice-Chairman,*  
International Paper  
Company



**PIERRE A. NADEAU**  
MONTREAL  
*President and Chief Executive Officer,*  
Petrofina Canada Ltd.



**PAUL PARÉ**  
MONTREAL  
*President,*  
Imasco Limited



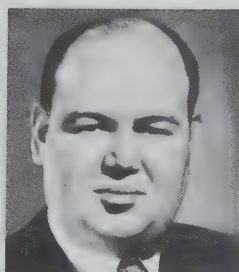
**A. L. PENHALE**  
NORTH HATLEY, QUE.  
*Company Director*



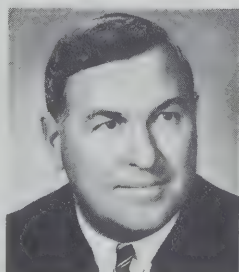
**NEIL F. PHILLIPS**  
Q.C.  
MONTREAL  
*Partner,*  
Phillips & Vineberg



**HERBERT C. PINDER**  
SASKATOON  
*President,*  
Saskatoon Trading Company  
Limited



**CLAUDE PRATTE**  
Q.C.  
QUÉBEC  
*Advocate*



**CHARLES I. RATHGEB**  
TORONTO  
*Chairman and Chief Executive Officer,*  
Comstock International Ltd.



**PIERRE A. SALBAING**  
MONTREAL  
*President and Managing Director,*  
Canadian Liquid Air Ltd.



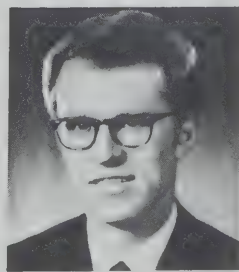
**P. R. SANDWELL**  
VANCOUVER  
*Chairman,*  
Sandwell and Company  
Limited



**E. P. TAYLOR**  
C.M.G.  
NASSAU,  
BAHAMAS  
*Chairman,*  
The New Providence  
Development Company



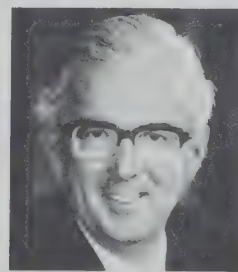
**P. N. THOMSON**  
MONTREAL  
*Deputy Chairman,*  
Power Corporation of Canada,  
Limited



**JOHN A. TORY**  
Q.C.  
TORONTO  
*President,*  
The Thomson Corporation  
Limited



**COLIN W. WEBSTER**  
MONTREAL  
*Vice-Chairman,*  
Canadian Fuel Marketers Ltd.



**C. N. WOODWARD**  
VANCOUVER  
*Chairman of the Board,*  
Woodward Stores  
Limited



# Executive Officers

**Chairman and President** W. Earle McLaughlin  
**Deputy Chairman and Executive Vice-President** J. K. Finlayson  
**Deputy Chairman and Executive Vice-President** W. D. H. Gardiner (*Toronto*)  
**Executive Vice-President and Chief General Manager** Rowland C. Frazee

## HEAD OFFICE

### Senior Vice-Presidents and General Managers

W. L. Arthur (*Administration*)  
T. S. Dobson (*Finance and Investments*)  
B. J. McGill (*International*)  
J. C. McMillan (*Corporate Banking, Canada*)  
H. E. Wyatt (*Canada*)

### Deputy General Managers

|                   |                |
|-------------------|----------------|
| R. L. Arsenaault  | A. A. Johnson  |
| C. N. Downing     | J. A. Milburn  |
| A. G. Halliwell   | R. M. Mitchell |
| N. H. P. Hardinge | J. E. Morgan   |
| H. S. Hardy       | R. C. Paterson |
| W. D. Henry       | A. R. Taylor   |

### Comptroller & Chief Accountant

D. S. Wells

### Chief Economist

R. G. M. Sultan

### Secretary

L. A. Taylor

### Assistant General Managers

|                |                 |
|----------------|-----------------|
| G. A. Bellevue | T. C. Heckman   |
| W. C. Bull     | L. M. Irvine    |
| G. R. Burns    | E. W. Latimer   |
| W. P. Carter   | W. A. Maas      |
| R. M. Cattell  | A. H. MacKenzie |
| J. E. Cleghorn | D. C. Maltby    |
| A. Cravero     | E. D. Welland   |
| J. C. Grant    |                 |

## FIELD OPERATIONS

### Vice-Presidents

G. B. Langley (*Vancouver*)  
H. E. McClenaghan — *Ontario (Toronto)*  
D. W. Morison — *Ontario (Toronto)*  
R. A. Utting — *Europe (London, England)*

### General Managers

R. B. Ashforth (*Calgary*)  
J. E. Broadley (*Montreal*)  
J. J. Fortune (*Halifax*)  
P. A. Fréchette (*Montreal*)  
H. G. Hurd (*Regina*)  
B. M. Lamont (*Montreal*)  
W. A. R. MacDonald (*Winnipeg*)  
M. O. P. Morrison (*Toronto*)  
M. J. Regan (*London, England*)  
W. S. Snook (*Toronto*)  
L. L. Street (*Montreal*)  
R. G. P. Styles (*Toronto*)  
A. de Takacsy (*Paris*)

### Assistant General Managers

G. C. Aitken (*Toronto*)  
J. G. R. Bénard (*Montreal*)  
E. P. Bowser (*Ottawa*)  
B. D. Champion (*Montreal*)  
A. M. Channell (*Vancouver*)  
A. E. Colling (*Montreal*)  
H. F. Dinner (*Montreal*)  
B. D. Gregson (*Toronto*)  
E. J. Lovick (*Vancouver*)  
G. E. Lowe (*Montreal*)  
J. G. Macpherson (*Vancouver*)  
J. B. McDonald (*Toronto*)  
H. R. McLean (*Toronto*)  
W. G. McPherson (*Toronto*)  
A. H. Michell (*Toronto*)  
J. V. Oram (*Hong Kong*)  
C. O. Rochon (*Montreal*)  
P. J. Rossiter (*Toronto*)  
J. C. Sinclair (*Toronto*)  
H. C. Stewart (*Montreal*)  
R. A. Thomas (*New York*)  
E. K. Upstone (*Toronto*)  
J. M. Walker (*Montreal*)

### Assistant General Managers

(seconded to subsidiary or affiliated companies)

E. W. Brokes (*Beirut, Lebanon*)  
B. V. Kelly (*London, England*)  
W. N. McFadyen (*London, England*)  
J. F. Smith (*Nassau*)

# Head Office Organization

## BANKING DIVISIONS

### Canada

H. E. Wyatt, *Senior Vice-President and General Manager*

#### Commercial Banking

A. G. Halliwell, *Deputy General Manager*

W. P. Carter, *Assistant General Manager, Mortgage Services*

T. C. Heckman, *Assistant General Manager, Commercial Business*

#### Consumer Banking

H. S. Hardy, *Deputy General Manager*

W. A. Maas, *Assistant General Manager, Consumer Services*

E. D. Welland, *Assistant General Manager, Consumer Credit*

### Corporate Banking

J. C. McMillan, *Senior Vice-President and General Manager*

#### Corporate Development

J. A. Milburn, *Deputy General Manager*

#### Corporate Lending

W. D. Henry, *Deputy General Manager*

G. A. Bellevue, *Assistant General Manager*

G. R. Burns, *Assistant General Manager*

R. M. Cattell, *Assistant General Manager*

#### Corporate Marketing

D. C. Maltby, *Assistant General Manager*

#### Project Financing

J. E. Cleghorn, *Assistant General Manager*

### International

B. J. McGill, *Senior Vice-President and General Manager*

A. R. Taylor, *Deputy General Manager*

A. A. Johnson, *Deputy General Manager*

A. Cravero, *Assistant General Manager*

#### International Money Markets

R. M. Mitchell, *Deputy General Manager*

## CORPORATE DIVISIONS

### Administration

W. L. Arthur, *Senior Vice-President and General Manager*  
*Organization*

W. C. Bull, *Assistant General Manager*

#### Personnel

N. H. P. Hardinge, *Deputy General Manager*

A. H. MacKenzie, *Assistant General Manager*

#### Real Estate Resources

R. L. Arsenault, *Deputy General Manager*

L. M. Irvine, *Assistant General Manager*

#### Secretariat

L. A. Taylor, *Secretary*

#### Systems and Processing Operations

C. N. Downing, *Deputy General Manager*

J. C. Grant, *Assistant General Manager*

E. W. Latimer, *Assistant General Manager*

### Finance and Investments

T. S. Dobson, *Senior Vice-President and General Manager*

#### Control and Financial Planning

D. S. Wells, *Comptroller and Chief Accountant*

#### Economics Department

R. G. M. Sultan, *Chief Economist*

#### Investments

R. C. Paterson, *Deputy General Manager*

G. C. Aitken, *Assistant General Manager (Toronto)*

## CORPORATE PLANNING

W. C. Bull, *Assistant General Manager*

## FIELD OPERATIONS

### Atlantic Provinces

#### Halifax

J. J. Fortune, *General Manager*

### Quebec

#### Montreal

P. A. Fréchette, *General Manager*

J. G. R. Bénard, *Assistant General Manager, Corporate Banking*

B. D. Champion, *Assistant General Manager, Corporate Banking*

C. O. Rochon, *Assistant General Manager, Branch Banking*

H. C. Stewart, *Assistant General Manager, Administration*

J. M. Walker, *Assistant General Manager (Montreal Branch)*

### Ontario

#### Toronto

D. W. Morison, *Vice-President — Ontario*

H. E. McClenaghan, *Vice-President — Ontario*

A. H. Michell, *Assistant General Manager, Administration*

#### East and North

M. O. P. Morrison, *General Manager*

E. P. Bowser, *Assistant General Manager (Ottawa)*

#### Metro Toronto

R. G. P. Styles, *General Manager*

B. D. Gregson, *Assistant General Manager (Toronto Branch)*

H. R. McLean, *Assistant General Manager, Branch Banking*

P. J. Rossiter, *Assistant General Manager, International Centre*

J. C. Sinclair, *Assistant General Manager, Corporate Banking*

E. K. Upstone, *Assistant General Manager, Corporate Banking*

#### Ontario West

W. S. Snook, *General Manager*

J. B. McDonald, *Assistant General Manager, Branch Banking*

W. G. McPherson, *Assistant General Manager, Corporate Banking*

### Manitoba and Northwestern Ontario

#### Winnipeg

W. A. R. MacDonald, *General Manager*

### Saskatchewan

#### Regina

H. G. Hurd, *General Manager*

### Alberta

#### Calgary

R. B. Ashforth, *General Manager*

### British Columbia

#### Vancouver

G. B. Langley, *Vice-President and General Manager*

E. J. Lovick, *Assistant General Manager, Branch Banking*

A. M. Channell, *Assistant General Manager, Corporate Banking*

J. G. Macpherson, *Assistant General Manager, Corporate Banking*



# International Areas Organization

## Asia, Australia, Africa, Middle East

### Montreal:

B. M. Lamont, *General Manager*

H. F. Dinner, *Assistant General Manager*

J. T. Hagel, *Regional Manager, Africa and Middle East*

W. E. Neapole, *Regional Manager, Asia and Australia*

### Hong Kong:

J. V. Oram, *Assistant General Manager, Asia and Australia*

## Europe

### London:

R. A. Utting, *Vice-President, Europe*

M. J. Regan, *General Manager, U.K. and Scandinavia*

### Paris:

A. de Takacsy, *General Manager, Continental Europe*

### Montreal:

A. Cravero, *Assistant General Manager, International*

## Latin America and Caribbean

### Montreal:

L. L. Street, *General Manager*

J. P. Hutchison, *Regional Manager, Caribbean*

T. H. Kennedy, *Regional Manager, Latin America*

M. A. Brennan, *Regional Manager, Latin America-Direct Business*

### Bogota:

J. H. Stech, *District Manager, Colombia*

### Bridgetown:

N. Brewis, *District Manager, Eastern Caribbean*

### Georgetown:

C. H. Anderson, *District Manager, Guyana*

### Nassau:

C. W. Minard, *District Manager, Bahamas,  
Belize and Cayman Islands*

### San Juan:

D. Michie, *District Manager, Puerto Rico & U.S. Virgin Islands*

### Santo Domingo:

J. Scott, *District Manager, Dominican Republic & Haiti*

## U.S.A.

### Montreal:

J. E. Broadley, *General Manager, U.S.A.*

A. E. Colling, *Assistant General Manager, U.S.A.*

G. E. Lowe, *Assistant General Manager, U.S.A.*

F. G. Ballachey, *Regional Manager, Canada (International)*

### New York:

R. A. Thomas, *Assistant General Manager  
and Chief Agent, New York*

### San Francisco:

I. R. Hastings, *Senior Agent*

## JAPAN

Tokyo, 602 Fuji Building, 2-3, 3 Chome, Marunouchi, Chiyoda-ku

P.O. Box 1709, Tokyo

J. T. Clayden, *Regional Representative*

A. Tsuji, *Representative*

## UNITED KINGDOM

London, 2 Palace Gate, W8 5NF

E. D. Ferguson, *Regional Representative*

P. W. Todd, *Regional Representative*

A. A. McArthur, *Oil & Gas Representative*

## UNITED STATES OF AMERICA

New York, N.Y., 68 William Street, New York 10005

P. J. Hatt, *Agent—Corporate Development*

A. H. MacDonald, *Assistant Manager, Corporate Development*

S. Huk, *Representative*

W. J. E. Poynter, *Representative*

R. E. Thompson, *Representative*

Chicago, Ill., 33 North Dearborn Street, Room 1215, Chicago 60602

D. B. McKeeman, *Resident Representative*

J. D. Frost, *Representative*

D. D. Stewart, *Representative*

Dallas, Texas, 333 North St. Paul Street, Suite 2128, Dallas 75201

M. B. Lambert, *Resident Representative*

J. M. McIntyre, *Representative*

R. F. M. Smith, *Representative*

Los Angeles, Cal., 510 West Sixth Street, Suite 1221, Los Angeles 90014

M. E. Flaherty, *Resident Representative*

J. W. Gibson, *Representative*

# Subsidiary Banks

## BAHAMAS

THE ROYAL BANK OF CANADA INTERNATIONAL LIMITED

Registered Office — Freeport, Grand Bahama

General Office — P.O. Box N1445, Nassau, N.P.

J. F. Smith, *President*

R. A. Lacey, *Vice-President & Treasurer*

## CHANNEL ISLANDS

THE ROYAL BANK OF CANADA (CHANNEL ISLANDS) LIMITED

Saumarez St., St. Peter Port, Guernsey

T. J. Betley, *Managing Director*

## FRANCE

THE ROYAL BANK OF CANADA (FRANCE)

3, rue Scribe, Paris

A. de Takacsy, *President*

## LEBANON

THE ROYAL BANK OF CANADA (MIDDLE EAST) S.A.L.

Saint Charles City Centre

Omar Daouk Street, P.O. Box 2520, Beirut

B. M. Lamont, *President (Montreal)*

E. W. Brokes, *General Manager*

## UNITED STATES

THE ROYAL BANK OF CANADA TRUST COMPANY

68 William St., New York 10005

R. A. Thomas, *President*

A. J. Bassett, *Vice-President*

W. A. McLeod, *Vice-President*

# Representatives

## AUSTRALIA

Sydney, 151 Macquarrie St., Sydney, N.S.W. 2000

S. Smith, *Regional Representative*

## FRANCE

Paris, 3, rue Scribe, Paris

P. H. Hofmann, *Senior Representative, Continental Europe*

O. H. Hecht, *Regional Representative*

## GERMANY

Frankfurt, Bockenheimer Landstrasse 39, 6, Frankfurt/Main 1

C. G. Morkel, *Regional Representative*

G. W. Reinzych, *Representative*

## HONG KONG

Hong Kong, 12th Floor, New Henry House, 10 Ice House St.

P.O. Box 13302, Hong Kong

J. N. McDonald, *Regional Representative*

# Associated Banks & Organizations

## AFRICA (CENTRAL AFRICAN NATIONS)

EQUATOR BANK LIMITED  
777 Main Street  
Hartford, Connecticut 06115  
Niles E. Helmboldt, *President*

## AUSTRALIA

I.M.F.C. DISCOUNTS LIMITED  
151 Macquarrie St.  
Sydney, N.S.W. 2000  
A. de V. Stewart-Richardson, *Chairman*  
INVESTMENT & MERCHANT FINANCE CORP. LTD.  
I.M.F.C. House, 33 King William Street,  
Adelaide, South Australia 5000  
Rex J. Lipman, *Deputy Chairman & Managing Director*  
ROYAUST LIMITED  
151 Macquarrie St.  
Sydney, N.S.W. 2000  
Sidney Smith, *Director*

## BAHAMAS

BISHOPS INTERNATIONAL BANK LIMITED  
P.O. Box N-7144  
Nassau, N.P.,  
Roger A. Coe, *President*  
ROYWEST BANKING CORPORATION LIMITED  
P.O. Box 4889, Nassau, N.P.,

## BELGIUM

BANQUE BELGE POUR L'INDUSTRIE, S.A.  
1000, rue de Ligne 1, Bruxelles  
Jacques Glorieux, *Chairman*  
A. Stas de Richelle, *Chief Executive*

## BRAZIL

BANCO INTERNACIONAL S.A.  
Caixa Postal 8065-01000,  
Rua 15 de Novembro 240, São Paulo  
J. M. Lahens, *President*  
M. D. J. DeFreitas, *Director*

## BRUNEI

INCHROY CREDIT CORPORATION LIMITED, BRUNEI  
21 Britannia House, Jalan Cator, Bandar Seri Begawan  
J. N. T. Rednall, *Managing Director*

## CANADA

AETNA FACTORS CORPORATION LIMITED  
Alexis Nihon Plaza, 1500 Atwater Avenue,  
Montreal, Quebec  
M. Suhl, *President*  
ROYMARINE LEASING LTD.  
Sun Life Building, 1155 Metcalfe St.,  
Montreal, Que., H3B 2V6  
H. S. Miller, *President*  
INSMOR HOLDINGS LIMITED  
W. P. Carter, *Chairman*  
INSMOR MORTGAGE INSURANCE COMPANY  
4 King Street W.,  
Toronto, Ontario  
D. R. Smith, *President*  
ROYMARK FINANCIAL SERVICES LIMITED  
Suite 701, 335 Bay Street,  
Toronto, Ontario  
D. W. Morison, *President*  
ROYMOR LIMITED  
1 Place Ville Marie,  
Montreal, Que., H3B 3Y1  
R. C. Paterson, *President*  
ROYNAT LTD.  
620 Dorchester Blvd. W.,  
Montreal, Que., H3B 1N7  
J. D. Thompson, *President*

## FRANCE

INTERUNION—BANQUE  
8, Place Vendome, 75001 Paris  
Derek C. Pey, *Chairman and Chief Executive Officer*  
E. Velten, *Managing Director*

## GERMANY

BANKHAUS BURGARDT & BRÖCKELSCHE AG  
Jacobistrasse 3, 4000 Düsseldorf  
J. Völling, *Chairman*  
M. A. Nicolai, *Member of Board of Management*

## HONG KONG

INCHROY CREDIT CORPORATION LIMITED  
16th Floor, Wing Lung Bank Building,  
45 Des Voeux Road Central  
J. N. T. Rednall, *Managing Director*  
ORION PACIFIC LIMITED  
St. George's Building,  
2 Ice House Street  
R. Hall, *Chairman*  
S. Ball, *Managing Director*  
ROYEAST INVESTMENTS LIMITED  
12th Floor, New Henry House,  
10 Ice House St., Hong Kong  
K. E. Kennedy, *Managing Director*

## JAMAICA

THE ROYAL BANK JAMAICA LIMITED  
40 Duke St., P.O. Box 96, Kingston  
R. St. A. Sasso, *Chairman & Managing Director*

## LEBANON

ROYMIDEAST INVESTMENTS LIMITED  
St. Charles City Centre  
Omar Daouk St., P.O. Box 2520, Beirut  
E. W. Brokes, *Managing Director*

## MALAYSIA

INDUSTRIAL RESOURCES SDN. BHD.  
Kuala Lumpur  
J. N. T. Rednall, *Managing Director*

## THE NETHERLANDS

RBC FINANCE B.V.  
Herengracht 485, Amsterdam  
J. H. B. Nederpelt, *Managing Director*

## PHILIPPINES

TRADERS ROYAL BANK  
Femii Bldg., Aduana St.,  
Intramuras, Manila  
José L. Africa, *Chairman*  
D. Pangilinan, *President*  
J. N. E. Wilson, *Senior Vice-President*

## THAILAND

CATHAY TRUST COMPANY LIMITED  
Cathay Trust Building  
1016 Rama IV Road, Bangkok  
K. Srifuegung, *President*  
C. M. Keppie, *Managing Director*

## TRINIDAD & TOBAGO

THE ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED  
2 Chancery Lane, Port of Spain  
C. P. de Souza, *Chairman & Managing Director*

## UNITED KINGDOM

LIBRA BANK LIMITED  
1 London Wall, London EC2P 2JS  
Dr. A. Machado, *Chairman*  
T. F. Gaffney, *Managing Director*  
ORION BANK LIMITED  
1 London Wall, London EC2Y 5JX  
The Hon. David Montagu, *Chairman & Chief Executive Officer*  
W. N. McFadyen, *Managing Director*  
ORION LEASING HOLDINGS LIMITED  
1 London Wall, London EC2Y 5JX  
B. V. Kelly, *Chairman*  
ORION MULTINATIONAL SERVICES LIMITED  
1 London Wall, London EC2Y 5JX  
B. V. Kelly, *Chairman & Managing Director*  
S. A. Crookston, *Executive Director & Senior Representative*

## VENEZUELA

BANCO ROYAL VENEZOLANO C.A.  
31 Sociedad a Camejo, Apartado 1009, Caracas  
A. J. Lara, *President*  
H. J. W. Brophy, *Vice-President*



## Subsidiary and Associated Trust Companies

### BAHAMAS

Trust Corporation of Bahamas Limited  
P. O. Box N-7788, Nassau, N. P.  
D. R. Kester, *Deputy Chairman and Managing Director*

### BARBADOS

Royal Bank Trust Company (Barbados) Limited  
Cockspur House, Nile Street, Bridgetown  
F. A. Allen, *General Manager*

### CAYMAN ISLANDS

Royal Bank Trust Company (Cayman) Limited  
George Town, Grand Cayman  
J. G. Morgan, *Managing Director*

### CHANNEL ISLANDS

The Royal Bank of Canada Trustees (Jersey) Limited  
Saumarez Street, St. Peter Port, Guernsey  
T. J. Betley, *Managing Director*

### GUYANA

Royal Bank Trust Company (Guyana) Limited  
Royal Bank Building, 38-39 Water Street, Georgetown  
N. Persaud, *Manager*

### JAMAICA

Royal Bank Trust Company (Jamaica) Limited  
33 Duke St., Kingston  
K. P. H. Mackenzie, *Managing Director*

### TRINIDAD & TOBAGO

Royal Bank Trust Company (Trinidad) Limited  
Frederick and Hart Streets, Port of Spain  
R. S. Prasad, *General Manager*

### UNITED KINGDOM

The Royal Bank of Canada Trust Corporation Limited  
30-32 Ludgate Hill, London EC4M 7ND  
B. A. Ramsey, *General Manager*  
D. A. Jones, *Joint General Manager*

## Special Services

### AGRICULTURAL SERVICES

H. D. McRorie, *Director (Winnipeg)*

#### Halifax, Nova Scotia

R. Wagner, *Manager*

#### Montreal, Quebec

F. Fortier, *Manager*

#### Toronto, Ontario

G. W. Arnold, *Manager*

#### Winnipeg, Manitoba

C. E. Gutheil, *Manager*

#### Regina, Saskatchewan

J. L. Drew, *Manager*

#### Calgary, Alberta

K. R. Sveinson, *Manager*

#### Vancouver, British Columbia

J. L. Ranta, *Manager*

### INTERNATIONAL CENTRES

#### Halifax, Nova Scotia

G. Parry, *Manager*

#### Montreal, Quebec

G. D. Loewen, *Manager*

#### Toronto, Ontario

P. J. Rossiter, *Assistant General Manager*

#### Winnipeg, Manitoba

G. W. Cooper, *Manager*

#### Regina, Saskatchewan

D. G. Smith, *Manager*

#### Calgary, Alberta

G. Underwood, *Manager*

#### Vancouver, British Columbia

W. H. Thompson, *Manager*

### MERGERS & ACQUISITIONS

#### Head Office, Montreal

J. Shannon, *Manager*

#### Toronto, Ontario

D. F. Payne, *Manager*

### MINING RESOURCE INDUSTRY DEPT.

#### Toronto, Ontario

D. E. Smith, *Director*

M. C. Newbury, *Mining Representative*

#### Vancouver, British Columbia

L. G. White, *Manager*

### OIL AND GAS SERVICES

#### Calgary, Alberta

R. D. Jensen, *Director*

K. R. Kettlewell, *Manager, Engineering*

### TRAVELPLAN

E. K. Culbert, *Manager, (Toronto)*

## Royal Bank Representation

### Canadian Branches\*

Newfoundland 20 / Nova Scotia 84 / Prince Edward Island 6  
New Brunswick 31 / Quebec 213 / Ontario 553 / Manitoba 95  
Saskatchewan 104 / Alberta 134 / British Columbia 187  
North West Territories 2 / Yukon 1 /

**Total 1,430**

**Other Countries 94 / Subsidiaries and affiliates 81\*\* /**

**Total (including sub-branches) 1,605**

\*At October 31, 1975

\*\*This figure does not include wholesale banking and other specialized financial service points affiliated with the Royal Bank.

## Other Countries

The Royal Bank of Canada is represented through branches, subsidiary or associated banks and companies or resident representatives in the following countries:

Antigua / Argentina / Australia / Bahamas / Barbados / Belgium / Belize  
Brazil / Brunei / Cayman Islands / Channel Islands / Colombia / Dominica  
Dominican Republic / Egypt / France / French West Indies / Germany  
Grenada / Guyana / Haiti / Hong Kong / Jamaica / Japan / Lebanon / Malaysia  
Montserrat / Panama / Philippines / Puerto Rico / St. Kitts / St. Lucia  
St. Vincent / Singapore / Thailand / The Netherlands / Trinidad & Tobago  
United Arab Emirates (Dubai) / United Kingdom / United States of America  
U.S. Virgin Islands / Venezuela /

*Detailed information concerning Royal Bank representation throughout the world may be obtained from any branch or office of the bank, or from the bank's Head Office, 1 Place Ville Marie, Montreal, Canada (Post Office Box 6001, Montreal, Que., H3C 3A9 Canada.) Telephone: 874-2110.*

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